

animals and their products, the produce of Canada, \$3,361,906; fisheries, the product of Canada, \$1,454,901; being a total of \$10,556,232 per annum, or \$31,668,695 for the three years. Add to this the fact that in addition of that increase of thirty-one millions odd during the three years I have named our lumber trade with the United States greatly revived, revived to such an extent that our manufacturers last year were receiving for their lumber a higher price in gold than they received during the inflated period of the Civil War, in currency was worth only 40 cents on the dollar; when you add all these facts together you are able to account for the improvement in the times quite clearly and quite satisfactorily, without any reference whatever to the National Policy, or to any other fiscal policy of this or any other Government. My hon. friend from Centre Wellington (Mr. Orton), in the course of his remarks, informed the House that the National Policy had stimulated the export of food. We were told, when the policy was introduced, that it would create a home market for our food; we heard nothing about the policy stimulating the export of food. We did hear that manufactures would spring up on all hands, that our consuming population would be largely increased, that a home market would be furnished for the agricultural products of the Dominion, that we would be no longer under the necessity of exporting food; yet hon. gentlemen to-day tell us that a diametrically opposite result has occurred, namely the stimulation of the export trade in the food products of Canada. How is it about this home market? Under what conditions can a home market be created in a country? Was it reasonable to suppose that when promises were made that the National Policy would result in the creation of a home market for the agricultural surplus of Canada. England has a home market; and why? Because of every \$100 worth of textile products manufactured 65 per cent. were exported. She is not prepared to hand over the control of her own market, but she supplies her own wants under the operation of Free Trade, and exports more than one-half of her manufactures. In consequence of being the workshop of the world, she has a home market, and, besides, a market for the surplus productions of other countries. But it is useless to suppose that Canada can secure a home market surplus by supplying its own wants. A country situated as Canada is, with great agricultural resources, can never afford a home market for its own products by simply attempting to manufacture for its own wants. The United States have been endeavoring to secure this home market for twenty years, and with what result. After endeavoring for twenty years to foster their manufacturing industries to such an extent as to create a consuming population that would consume all their food, they exported, in the year 1880, food enough for 25,000,000 people, and Canada exported enough for 1,000,000. The hon. member for Centre Wellington also informed us that the agricultural interests had been benefited by this policy. In what way? By the creation of this home market which was to absorb all our productions? By the duty upon grain which was to raise the price of grain that much higher? Will any hon. gentleman in this House inform me that the operation of the National Policy, in so far as grain duties are concerned, has conferred any benefit on the farmer? I would like to hear some individual make that assertion. I say no, it has not. In 1878, and a number of years preceding, Canada was presumably a better market for grain than the United States, and a great outcry was raised here against the importation of American grain. In 1878, oats were worth 10 cents and wheat 14 cents more in Toronto than in Chicago. It was clear then that, under the operation of Free Trade, we had a better market for grain than the United States; and at the same time the United States had, for seventeen years, been living under a protective duty on grain. Although they had a protective Tariff they were shipping millions

Mr. CHARLTON.

of bushels to Canada, and, under the operation of Free Trade, the Canadian market was better than the American market. Is this the case to-day? Are oats, to-day worth 11 cents more and wheat 14 cents more in Toronto than in Chicago? They are not. Since our present policy has been fairly in operation, there has not been a day when grain was not worth more in the American than in the Canadian market. I see a smile spreading over the countenance of my hon. friend for Niagara. If the hon. gentleman would follow—

Mr. PLUMB. Because we do not get protection.

Mr. CHARLTON. Wheat is worth more in Toledo, Detroit, Oswego and Buffalo than in Toronto. There is not a single grain on the list that is not higher in the American market than in the corresponding Canadian market. Such was not the case in 1878, yet we are told that the operation of the present duties is beneficial to the farmer. It is an insult to the farmer to try and palm off such nonsense upon him, which he does not believe.

Mr. CAMERON (Huron) moved the adjournment of the debate.

Motion agreed to; and (at 6 o'clock, p.m.) the House adjourned.

HOUSE OF COMMONS,

FRIDAY, 24th February, 1882.

The SPEAKER took the Chair at Three o'clock.

PRAYERS.

BILLS INTRODUCED.

The following Bills were severally introduced and read the first time:—

Bill (No. 39) to incorporate the Rainy River Improvement Company.—(Mr. Kilvert.)

Bill (No. 40) respecting the Dundee Land and Investment Company, limited.—(Mr. Gault.)

Bill (No. 41) to incorporate the Tecumseth Insurance Company of Canada.—(Mr. McLennan.)

Bill (No. 42) to incorporate the Richelieu Bridge Company.—(Mr. Baker.)

Bill (No. 43) to incorporate the Sault Ste Marie Bridge Company.—(Mr. Williams.)

Bill (No. 44) to amend the Act incorporating the Napierville Junction Railway and Quarry Company.—(Mr. Courso.)

Bill (No. 45) to reduce the capital stock of the Ontario Bank and to change the nominal value thereof, and for other purposes.—(Mr. Kirkpatrick.)

Bill (No. 46) to incorporate the Edison Electric Light Company of Canada.—(Mr. McCarthy.)

THE BUDGET.

Sir LEONARD TILLEY. Mr. Speaker, in moving that you leave the Chair, and that the House resolve itself into Committee of Ways and Means, I desire to make the usual financial statement. I may be permitted, Sir, to say that at no period in the history of Canada has a Government met Parliament with the financial condition of the country in the position it is to-day; at no period in the history of Canada has its credit stood so high as it stands to-day; at no period in the history of Canada, possibly, was the country, generally speaking, as prosperous as or more prosperous than it is to-day; and I propose, Sir, in the statements that I am about to submit to the House, to establish that that prosperity is in a great measure dependent upon the policy of

the Government adopted by Parliament. I know, Sir, that, in the estimation of some of my friends opposite, I have undertaken a herculean task.

Some hon. MEMBERS. Hear, hear.

Sir LEONARD TILLEY. Hon. gentlemen opposite say hear, hear. In view of the predictions of hon. gentlemen opposite in 1879, with reference to this policy—when I am now able to submit, after an experience of less than three years, its results—I trust that I will be able to convince them even, that this policy has had much to do with bringing about the present state of affairs in this country. I regret, Sir, that I was not in the House either on Tuesday or yesterday afternoon (circumstances preventing my being present) to hear the speeches delivered by the hon. members for South Brant and Norfolk. I recollect, last year, that the hon. member for South Brant led up, as on the present occasion, a discussion of the policy of the Government, and the effect of the Tariff, in advance of the statement of the Budget Speech, and I called the hon. gentleman's attention, on that occasion, to the fact that it was not usual to pursue such a course, the hon. member told me we had been so long in bringing down the Budget, six weeks having elapsed, he could wait no longer; yet, on the present occasion, though not a fortnight had elapsed since the opening of Parliament, the hon. member was again to the front anticipating, as on a former occasion, the discussion that usually takes place after the financial statement. Sir, he was followed yesterday by the hon. member for Norfolk on the fiscal policy of the Government. I could not help thinking that the hon. member for Centre Huron may, by-and-bye—when the time arrives so much hoped for by hon. gentlemen opposite, when the present Opposition shall change places with us—find some rivals for the position he formerly occupied; but the hon. members for South Brant and Norfolk—provided they adopt our policy which, as I have stated on previous occasions, is the only course for them to pursue in order to get on this side of the House—will have the advantage of the hon. member for Centre Huron, because they can point to the emphatic, impressive and admirable speeches they delivered some three or four years ago in favor of a protective policy. Sir, the position of the Government, when they introduced what is called the National Policy, was a difficult one, because they had a difficult question to deal with. There was necessarily a great deal of speculation with respect to the effect of the adoption of that policy even in the minds of some of its friends and advocates. There was a question in their minds, as well as in the minds of hon. gentlemen opposite, whether, if it proved to be a protective policy, we would obtain sufficient revenue; if, on the contrary, it proved to be a revenue Tariff, whether it would give the protection to the industries of the country which was demanded by the people, as evidenced by the elections of 1878; and necessarily we, who had given careful consideration to this matter, had to speculate to a certain extent with respect to its effect. But, Sir, in 1880, the opinions that we had entertained in 1879 were being confirmed by the experience of the nine months. In 1881, they were still stronger, because evidence had accumulated to show that our position was the correct one; and, to-day, we stand in an impregnable position with respect to the results of the Tariff, both for protection and revenue purposes. I recollect very well last Session, when I made my financial statement, that it showed an apparent deficit of \$1,500,000, and when I explained that, under the operation of the Tariff, it would have provided just about sufficient to meet the necessary expenditure had we not in the year previous received a large revenue on articles consumed in the year following, hon. gentlemen opposite laughed at that idea, declaring that the plea would not avail, and that the Government had a deficit to

announce to the House. But what I stated was the fact. It shows that the producing power of the Tariff, as far as revenue is concerned, was such as to give us, if we had the \$700,000 collected in the year previous for goods consumed in the following year, and \$500,000 or \$600,000 of Excise calculated in the year previous in anticipation of the change of Tariff on goods consumed in the year following, there would not have been a deficit of more than \$200,000, showing how accurately and how fully the estimates of the Government were borne out. But, to-day, we stand here not with any doubt as to its revenue-producing power, but with evidence of the last year before us, with the Public Accounts and statements on the Table of the House, showing not only no deficit of even \$200,000, but, instead of an estimated surplus of \$2,000,000, there is a surplus of \$4,132,743 in the Treasury, as the result of its operations. Mr. Speaker, the hon. leader of the Opposition, in discussing the Address in answer to the Speech from the Throne (I regret he is not present, and we all regret the circumstances which render his absence necessary), said, that he could not understand why it was that the Government had asked the people to bear the additional burden of the surplus, unless it was after the manner of the man who was found carrying a heavy rail up a hill, and, when asked why he was doing it, said it was for the pleasure he would enjoy in laying it down. Now, Sir, in this connection permit me to draw a contrast between the effect that was produced by the increase of \$3,000,000 taxation imposed by my predecessor, in 1874, and the proposition in 1879. In 1874, my hon. predecessor asked Parliament to give him, in addition to what he could collect from the then existing Tariff, \$3,000,000 for the purpose of carrying on the public works, completing the Pacific Railway, and other engagements which the Government was bound to carry out. What was the result upon the revenue? In the year following a response was given in the shape of an increase of something like \$2,000,000 paid into the Treasury; but, from 1875 down to 1879, the average amount received from the Tariff then existing was but \$12,500,000 per year. Had there been no change in the Tariff in 1879, the receipts from Customs would have been but a little over \$12,000,000.

Sir RICHARD J. CARTWRIGHT. No.

Sir LEONARD TILLEY. Well, I will not simply say yes, but will prove it as I proceed. Sir, what caused this? It was caused by the general depression in the country. You may impose a burden upon a man, but unless you give him food and sustenance he will be unable to carry that burden. The hon. gentleman opposite (Sir Richard J. Cartwright) imposed burdens on the people, but gave them no food to supply them with strength to carry them. What was the condition of our people at that time? With the prices of all the manufactures and products of the United States at that time exceedingly low, owing to the condition of that country then, the Tariff that he submitted was food and encouragement for the foreigner, but both were denied to our own people. When our people asked the hon. gentleman for bread, he gave them a stone; and the result was that, all over this country, factories were either closed or working at half time.

Mr. MACKENZIE. No; you must prove that too.

Sir LEONARD TILLEY. Well, I can prove that also, because I saw some of them closed myself, and hon. gentlemen opposite asked me within a year after why we had not re-opened them. Men were without employment, knocking at the doors of Parliament, knocking at the doors of the Department of Public Works, asking for employment, and none could be got. It could not be expected, under these circumstances, that men could respond to the requirements of the hon. gentleman's Tariff; for if they had not the means they could not buy either the products of

Canada or the imports from other countries. The result was that, instead of obtaining an increase to the revenue, the revenue fell to what it was in 1874 before the increases were made, and the people refused to bear the burden that was imposed upon them. How was it in 1879? We asked parliament to give us such changes in the Tariff as would not only protect the industries of the country, but give us an increased revenue. Was there a response? I stated at the outset that the response was ample provided the money had been paid in for the year 1879 that belonged to that year. And in the year that followed, what was the response? They gave us a surplus of four million dollars and upwards, because we found employment for the people; because, by obtaining for them employment and higher wages, they were able to buy more than formerly. Men who owned bank stock had greater value in it than in 1878-79; men who had tenements unoccupied in 1878-79, had tenants for their houses, and the additional revenue thus received on all hands enabled them to buy more than in previous years. Men who were formerly working at half time and on low wages received higher wages and were working over-time. Farmers who had low prices and found sales difficult received high prices and prompt cash sales. The result was that, while we estimated the capacity of our people to contribute, during the year, \$17,000,000 for Customs to the Treasury, they paid in, voluntarily—because it was to a great extent voluntarily—\$18,500,000. I say voluntarily, because, of the increases of last year over the previous year, \$772,000 was paid in luxuries, such as wines, spirits, silks and satins, and articles of that kind. That indicates very clearly that the people had the means, and having the means they contributed more in that way than before. In the finer description of woollen goods, for instance, which are not manufactured in Canada, they contributed \$400,000 more to the Treasury than last year. In the article of cottons, which pay 20 per cent., they contributed \$300,000 more than in the year before. All this shows an increased purchasing power on the part of the people. We under-estimated their improved condition when we estimated that they would only contribute \$17,000,000; they contributed \$18,500,000. One important feature in this connection is, that though we expended for Public Works \$8,150,000 during that year, and redeemed about \$2,000,000 existing liabilities, bearing 6 per cent., the surplus of over \$4,000,000, with the amount of deposits in the savings banks of the Dominion, \$4,750,000, enabled us to meet these payments chargeable to capital, and still our interest account was less by \$90,000 than the year before. But I qualify that in this way: we paid \$90,000 less interest than the year previous; but, if we take the statement of the interest that was due for the year, and count it as all paid—though it was not all paid within the year—there would be still \$25,000 less interest than in the year previous, notwithstanding the increase of the expenditure on debt account. Now, it has been said that this surplus was an unnecessary burden on the people, that it ought not to have been imposed; but gentlemen who hold that view, and say that it is unwise to have a surplus of three or four million dollars, have, at the same time, stated that the United States are paying off their debt at the rate of \$100,000,000 per year and commend them for so doing; and assert that, unless we look carefully after our affairs, we will be subjected to burdens which, in view of the fact that their debt will speedily be wiped out, and they will have little or no taxation, will place us at a great disadvantage with them. Well, Sir, I cannot quite see, if it is desirable, in the opinion of those gentlemen, that there should be a surplus in the United States for the purpose of paying off their debt, that it is objectionable on the part of the Dominion of Canada to have a surplus, especially when it is collected under the

Sir LEONARD TILLEY.

circumstances to which I refer. Sir, it is customary, I find, with our friends opposite, when addressing either their own constituents or other constituencies in different parts of the Dominion of Canada, to refer to the present state of things as alone the result of large exports during the last two or three years, and if I am rightly informed, the hon. member for South Brant (Mr. Paterson) stated that the present condition of affairs in Canada was not the result of the National Policy, but it was the result of large exports and a large receipt of gold coming into the country. Well, Sir, I find that that hon. gentleman and other hon. members, when they are speaking of the condition of the country, or when they are speaking of the position of the late Government and of the present Government with reference to their expenditure, are very apt to select one particular period against another period; one particular year, for instance, during the administration of the hon. gentleman opposite against a particular year of the present Administration. So, in the case to which I am now referring, the hon. member refers to the exports during the past year, 1881, and he says that the present condition of the country is to be attributed to that large export. Would it not be well, Mr. Speaker, for hon. gentlemen opposite, when they are making a comparison between the condition of the country under the two Governments, and embracing different periods, that they should select the whole period; for instance, that they should select the five years during which our hon. friends were in power and the two or three years during which the present Government have been in power, rather than select one particular year. It might not be convenient for the hon. member to do so; but I have had made up a statement to show that the present state of the country cannot be the result of largely-increased exports of the products of Canada.

Mr. PATERSON (Brant). Hear, hear.

Sir LEONARD TILLEY. I will read them, and then I will challenge the hon. member to show that they are not correct. In 1874, the exports of Canadian products, including Canadian manufactures, were \$73,926,748; in 1875, they were \$67,490,893; in 1876, \$69,861,849; in 1877, \$65,864,880; in 1878, \$65,740,134; or an average for the five years of \$68,576,901. In 1879, they were \$60,089,578; in 1880, \$70,096,191; in 1881, \$80,921,379; making an average, for the three years, of \$70,369,049, an increase per annum of \$1,792,148. Now, Sir, the present state of affairs is not dependent upon the exports alone of the products of Canada—considering the average population during that period, and the average population during the past three years—he will find that the then state of the country as compared with the present, or the present condition of the country as compared with its condition then, is not due entirely, as he claims it is to that cause or to causes quite outside the National Policy. I call his attention to that, because it is of importance to show that during the five years that our friends opposite were in power, the value of the exports, being products of Canada, was but \$1,700,000 a year less, with a smaller population, than it was during the three years the present Administration have been in power. Moreover, hon. gentlemen very often take up the expenditure of 1877-78, by the late Government, and they compare it with the expenditure of last year, and then point to it as an evidence of the extravagance of this extravagant Government. Sir, I am prepared to show, from the data I have before me, that, if the hon. gentlemen opposite had collected from Customs, Excise and Stamp Duty, money enough to pay their expenditure, and if the present Administration had collected simply money enough to pay theirs, that upon the average population of the five years they were in power, and the three years we have been in office, the figures show that 23 cents per head less would have been collected from the people

of Canada, during the last three years, than during the five years that my friends opposite were in power. I have the figures here, and I will give you the data on which they are made up. There were collected from Customs, Excise and Stamps, in 1874-75, \$20,664,878.96; in 1875-76, \$18,614,415.02; in 1876-77, \$17,697,924.84; in 1877-78, \$17,841,938.19; in 1878-79, \$18,476,613.35; making a total of \$93,295,770.34. The deficits during the five years were \$5,491,269.51. If the deficits had been collected and added to the sums above, it would have amounted to \$98,787,039.85. The average for the five years was \$19,757,407.97. The average population for this period being 4,050,674, the per capita tax during that period was \$4.88 per head. These are the figures and these are the results. There were collected, from Customs, Excise and Stamps, in 1879-80, \$18,479,576.44; for 1880-81, \$23,942,138.95, making a total of \$42,421,715.39. Deducting the surplus for the two years, \$2,589,515.36, leaves \$39,832,200.03. The average for the two years of taxation was \$19,916,100.01, being, on a population of 4,282,360, \$4.65 per head during the last two years, as against \$4.88 during the other period. Now, Sir, it may be said but you collected more. We admit it; we collected \$2,900,000 in the two years more than was required for the expenditure. That was the surplus for the two years, and having been used in the reduction of the debt, diminished our taxation for all time to come. If any hon. gentleman on the opposite side should object to this it should not be the hon. member for Bothwell (Mr. Mills), because, in a speech he made in the West not long since, he justified the collection from the people during the hard times of less than was required, and he said it was a proper thing to collect less because, when the times became better, they would collect more to make it up, and that is exactly what we have been doing. It is a very common thing to state—I have heard it stated in my own presence by a gentleman whom I am happy to see present, that the expenditure of the country has enormously increased within the last two or three years. I have shown that the taxation has not increased, because we require 23 cents per head less than before. But, of course, the expenditure has increased. How could it be otherwise? If we compare the average expenditure of 1874-79 and 1880-81, with the average expenditure for the five years previous—we find that our average annual expenditure—is \$1,229,372 in excess of the average annual expenditure of our predecessors. I admit that fact; there is no denying it. It is a matter of record, and I do not wish to deny it. But what becomes necessary to do now is, to show how this increased annual expenditure of \$1,229,372 was incurred, to compare the expenditure of the previous years with that of the last two years, and show that the present Government has been more economical than its predecessors by at least \$1,000,000 per year. Now, what do we find? We find that, from the 1st July, 1874, to the 1st July, 1879, the expenditure was \$119,679,284, or an average of \$23,935,856 per annum. From the 1st July, 1879, to the 1st July, 1881, the expenditure was \$50,356,866, or an average annual expenditure of \$25,178,443, the difference in their favor being, as I have already stated, \$1,229,372. And for what purposes were these expenditures made? In the first place, we find, that in 1879-80 and 1880-81, we worked an average of 401 miles of railway more than hon. gentlemen opposite worked when they were in office. These 401 miles of railway involved an expenditure of \$302,000 in excess of the expenditure for the like service performed by our predecessors.

Mr. MACKENZIE. Where were these 401 miles of railway?

Sir LEONARD TILLEY. I have the figures from a return furnished me by the Department of Railways showing that 401 miles were worked during 1881, over and above

the average worked by hon. gentlemen opposite. These figures are furnished in a return from the Department giving the different roads, and I am satisfied it is reliable. I will give the figures in detail if hon. gentlemen want them. The average amount of interest paid on the debt during 1879-80 and 1880-81, was \$7,648,006, against an average interest paid by our predecessors in 1874-75 of \$6,806,507, making an increase in the average payment of interest during the two years to which I refer, since the present Government came into power, of \$874,499. The increase in the sinking fund during the same period, over the average paid by hon. gentlemen opposite, was \$353,477. This was a practical reduction of debt by that amount. Then take the average increase of expenditure for Indians, and for the management of lands in the North-West, as compared with the expenditure for these services from 1874 to 1873, and we find that we have added, on account of these items, the sum of \$235,042. Take next the exceptional appropriations made by Parliament last year, averaging \$58,500, for the relief of the sufferers by fires in Hull and Quebec, and the relief of our Irish fellow-countrymen, and the increased expenditure for the Census over their average, amounting to \$56,079, and we have the following result—an increased expenditure altogether of \$2,382,617, which hon. gentlemen opposite were not called upon to make, against an average increase of \$1,229,372, or a difference of \$1,153,245 in favor of the present Administration. If I add to that the \$190,000 expended in the establishment of post offices in the North-West and British Columbia, and in the Post Office service generally, for which we have added nothing to the taxation of the people—because the difference between receipts and expenditure in the Post Office is less during the last two years—it would amount to \$1,343,000. We have, then, an answer to the question which has been asked by the leader of the Opposition, how it was that in a speech I made in August, 1878, I stated that I believed that \$22,500,000 would have been sufficient to pay the expenditures of the country during the five years the hon. gentlemen opposite were in power? If you deduct the amount I have mentioned from their average expenditure during the five years of their Administration—of \$23,900,000—we have just about \$22,500,000. In other words, deducting those expenditures, it will be seen that I was justified in making the statement to which the hon. gentleman alluded, because it is on that basis that we are carrying on the business of the country to-day. It is just as well that the whole truth should be known in reference to this matter, and while we, on both sides of the House, may be addressing public meetings, in different parts of the country, we may not often have the opportunity of meeting each other face to face as we do here in Parliament. It gave me great satisfaction to have my hon. friend opposite on the platform with me in West Northumberland, and I felt it an advantage—considering the position we occupy with reference to the financial position and the expenditure of the country—to have my opponent within reach, where he could make his statement, and I mine, and then leave the country, or those who were present, to decide who was right and who was wrong. It is desirable that we should meet our constituents and the people generally on all suitable occasions, but it is not always convenient for both parties to be present at the same time. Sometimes there is not sufficient time in an afternoon, and I admit that sometimes it is difficult to arrange that both sides should be heard on the same evening; and again, previous engagements may prevent; but, at the same time, it would be more satisfactory to the people who listen to these statements if they could hear, on the same occasion, the statements made by both parties—the one in opposition to the Government and the other in its defence. But here, we have

the satisfaction of knowing that the hon. gentlemen opposite—gentlemen who are thoroughly posted in every weak point in the armour of the Government, who are ready to insert a lance if the opportunity occurs—are present to hear our statements, and that we can each present our claims in the presence of the other. It will be for the public to decide, after these discussions are over, who are most worthy of their confidence. I know, Sir, that it has been said, and said truly, so far as the figures are concerned, that the expenditure of 1878 was something like \$23,500,000, while the expenditure of 1881 was \$25,500,000—public attention has been called to this fact—and therefore it is that I now point to statements taken from the Public Accounts, of the receipts from Customs and Excise during the periods I have named, to the facts as they appear upon record, to show that not only have the present Administration taxed the people for the necessary expenses of the country less than our predecessors did, but that we have absolutely spent, for the services performed by them, more than a million dollars per annum less than they did. It may be of some importance, as I have already referred to the expenditures for postal service, to call the attention of the House to the details. From 1875 to 1879, the expenditure for this service averaged \$1,709,375, and the receipts for the same period averaged \$1,149,423, leaving an annual deficit of \$559,952. From 1879 to 1881 the expenditure averaged \$1,847,505, and the receipts \$1,302,303, leaving an annual deficit of \$545,202. That shows an average increased expenditure of \$138,130 a year, with increased accommodation to the North-West, British Columbia, and various parts of the outlying portions of the Dominion, as well as increased postal facilities to the central and more populous portions, and an average increased revenue of \$152,880, or a reduction of the deficit to the extent of \$14,750 a year. Now, Sir, it may be well to call the attention of the House to one or two other facts, to show why it is that we have been able to keep the taxation of the people lower than it was during the time our friends opposite were in power. In connection with this, I desire to call the attention of the House to returns with reference to the working of the railways. From July, 1874, to July, 1879, the working expenses per mile of the Intercolonial Railway—and I have this return from Mr. Tims, the accountant—were, on the average, \$2,659, and from July, 1879, to July, 1881, \$1,987, or a difference of \$671 per mile. The average receipts per mile for the five years, from the 1st July, 1874, to the 1st July, 1879, were \$1,760, and for the two years, from the 1st July, 1879, to the 1st July, 1881, \$1,930, or an increase in the income of \$170 per mile, and a reduction in the expenditure of \$671 per mile. The average mileage expenditure of the Prince Edward Island Railway, from July, 1875, to July, 1879, was \$1,129, and from July, 1879, to July, 1881, \$926, being a decrease in the working expenses of \$203 per mile. The average receipts per mile for the four years, from July, 1875, to July, 1879, were \$649, and for the two years, from July, 1879, to July 1881, \$617, being a decrease in the mileage receipts of \$32, against a decrease in the expenditure of \$203 per mile. That I give, Sir, as one of the items of reduction in our expenditure which left us such a margin that it enabled us to incur increased expenditure, and at the same time to diminish the taxation. There has been another statement put forward calculated very much to discourage and dishearten the people of Canada, and at the same time to injure the Government; that is, that the debt of the Dominion of Canada is increasing in a greater ratio than its wealth and its population, and that, looking to the future, there is not a bright outlook for us financially when the Pacific Railway is completed, and all existing engagements fully carried out. Now, Sir, I think it is important, in the interests of the country, that the people should quite understand there is no foundation

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for the alarm thus attempted to be created. I say, Mr. Speaker, that looking at the debt as it is to-day, looking at the position of the debt three years ago, looking at the liabilities of Canada when this Union was formed, and looking at the liabilities that are ahead of us in connection with the completion of the Pacific Railway, I have risen from the investigation of this matter with the conviction strongly fixed in my mind that there is no reason whatever for alarm. But that there is the greatest ground for hope and encouragement. It is a fact known to many members of this House that when the four Provinces which originally composed this Union came together in Confederation, the then existing debt of Canada averaged \$29 per head, based upon the Census returns of 1861. \$25 a head was at that time assumed by the Dominion of Canada, with the exception of New Brunswick, which, under special circumstances, received consideration to the extent of \$2.50 more. We know perfectly well that that did not pay all the debt of Ontario and Quebec. It left a debt equal to \$4 a head, which was subsequently, in 1873, assumed by the Dominion. Therefore, there existed at that time a debt, taking the population of 1861, of \$29 a head for every man, woman and child in the Provinces which in 1867 constituted Canada. Then there was the obligation, which became part and parcel of the Constitution—an obligation which has since been fulfilled—to construct the Intercolonial Railway; and the construction of that railway added \$6 a head to the debt, over and above the \$29 that existed at the time of the Union, making the debt practically \$35 a head. In 1878-79 the net debt of the Dominion of Canada was but \$31 per head of the population. At the present moment it is something like \$35 per head of the population. Let us see what it will be in 1879, the net debt, as shown by the Accounts, was \$147,481,070; in 1881 it was \$155,395,680. Then our engagements from the 1st July last, for the completion of the Pacific Railway, including the \$25,000,000 to be paid to the Syndicate, the \$13,500,000 to be expended by the Government in the completion of the sections now under contract, canal expenditure, say \$6,000,000, and other expenditure chargeable to capital, say \$3,500,000, will make the total \$203,397,680. But between this and 1890 the amount that is to be paid into the sinking fund, and which forms part of our annual charges upon the consolidated revenue, will average \$1,500,000 a year for the next nine years. That will give, for the reduction of the debt, \$13,500,000. Then the surplus for the nine years—

An hon. MEMBER. Oh!

Sir LEONARD TILLEY. An hon. member says Oh! but when we have \$4,500,000 assured for this year, when there is no doubt, after the reduction that we propose to make, that there will be a surplus of \$3,000,000 for the next year, it is not, I think, asking too much for the hon. gentleman to accept as reasonable a surplus of \$1,000,000 a year, for the remaining seven years of the nine, commencing on the 1st July last, that would make \$14,500,000 and would, with the sinking fund, reduce the net debt to \$175,897,680. But if we estimate the increase of population at but 18 per cent. only during the ten years the increase of the last decade, the result will be that, taking the population at that period and the debt as stated, the net debt then will be \$34.27 per head. If we have any extraordinary increase of our population (which I think it is but right to expect we will, but which I have not estimated for here) it will be ample to meet, at any rate, any extraordinary expenditure that may be made chargeable to the debt which we are not anticipating at the present moment. But, more than that, if the 150,000,000 acres of arable land that will be the property of the Government after handing over to the Syndicate 25,000,000 of acres, and which is now established as fit for settlement, yields

but \$1 an acre for half of it (the other half being offered as a free gift to settlers), it will meet the whole expenditure of the Government on the Pacific Railway, and in the North-West, down to 1890. If that be the case, then our debt, which certainly is not alarming, provided we realize from these lands the sum that I have stated, would only be about \$100,000,000, instead of \$175,000,000, or less than twenty dollars per head. Under these circumstances, Sir, I think there is no great cause for alarm as far as the taxation of the people is concerned, growing out of the increase of the debt. Then there is another mode of dealing with this question, and that is the interest we have to pay. We paid per head of the population:

In 1867-68.....	\$1 29
In 1874.....	1 31½
In 1878-79.....	1 56½
In 1881.....	1 57½

In 1890, estimating the net debt at \$175,897,680, and the population based on an increase of 18 per cent. for the ten years—taking into account the fact that the whole debt of the Dominion of Canada will then bear but 4 per cent., instead of the interest we are paying now—taking that into account, and placing the interest on the debt at \$7,000,000 per annum the interest per head of the population at that time would be at most \$1.37 against \$1.57½ at the present day, and this estimate does not take into account the probable reduction of debt by the sales of lands. This, Sir, I think, is an encouraging feature in connection with the future taxation of the people of Canada. We now come to the estimated expenditure for the current year. I submit for the consideration of the House, an amended estimate of the receipts of the current year:

Customs.....	\$20,500,000
Excise.....	5,600,000
Post Office.....	1,400,000
Public Works, Canals and Railways.....	2,460,000
Interest on Investments.....	750,000
Miscellaneous.....	900,000
Bill Stamps.....	100,000
Total.....	\$31,710,000

and an expenditure of \$27,250,000, showing a surplus of \$4,460,000 for the current year. I laid upon the Table of the House, yesterday, a supplementary estimate for the present year, involving an increased expenditure, chargeable to consolidated revenue, of something like \$1,000,000. That is composed of the following items: Indians, \$327,189, (I need scarcely enter upon any explanation with reference to the circumstances under which this additional expenditure was made necessary for the current year. It was referred to by the right hon. the leader of the Government in the remarks that he made on the Address in reply to the speech of the hon. leader of the Opposition.) The next item is working expenses of railways, \$312,000. That is not an increased tax upon the people. It is an increased expenditure rendered necessary, I am happy to say, by the increased business of the railways; and I am also happy to be able to state that they are yielding a revenue equivalent to the increased expenditure, and, therefore, though it adds to the nominal sum of the expenditure of the year, it adds nothing whatever to the taxation of the year. Then we come to the immigration expenses, \$28,000. This is an item that was formerly borne by the Government of Ontario, under an arrangement made with that Government, that they would bear two-thirds of the expenses of immigrants settling in that Province and coming by way of Quebec. They decline now to continue that arrangement, and we have to ask the House for \$28,000, to pay the expenses thus incurred. The increased expenditure for the Post Office, is something like \$75,000, but, as I explained before, it gives an increased revenue. Public Works, income and maintenance and repairs, show an increase of, in one, \$98,336, and the other,

\$29,000, owing to increased expenditure in the maintenance of canals, in keeping them up and having them in efficient order and condition.

Mr. MACKENZIE. Can the hon. gentleman give the canals separate from the railways?

Sir LEONARD TILLEY. On Public Works for income is charged \$98,366; for maintenance and repairs, \$29,000; Mounted Police, \$90,000. This was also referred to by the hon. leader of the Government in the speech he made in answer to the hon. the leader of the Opposition. It is for the proposed increase of the force; \$90,000 is to be expended during the present year, because a portion of the force will be furnished with their outfit and sent there immediately. The expenditure this year is, therefore, larger in proportion for the time they will be on duty than that for next year. The engagements falling due for the year 1881-82, not chargeable to Consolidated Revenue, may be stated as follows: Redemption of the Debt, \$2,758,880; Railways and Canals, \$9,500,000, Surveys of Lands in the North-West, \$400,000, making altogether \$12,658,880. We purpose meeting this in the following way: Surplus for the year, \$4,460,000; deposits in Government Savings Banks, in excess of payments, \$1,500,000; in banks, to the credit of the Receiver General at call, \$5,300,000, out of which we can take the remaining \$4,000,000. This makes \$12,960,000, without borrowing one dollar on Bonds or Debentures. Before I take up the expenditure of the next year, it will be convenient for me to give some idea of the proposed changes in the Tariff during this Session. I think it best to do so before I enter upon the estimated receipts and expenditures of next year. The following are the proposed changes in the Tariff. The resolutions are differently worded, but I have placed them in this form so that hon. members may understand exactly the effect of the resolutions. It is proposed to place upon the free list, taking them alphabetically, anatomical preparations; they were free previously to 1879, now they are restored to the free list; bees, brass in sheets; Britannia metals in pigs and bars, celluloid in sheets. Celluloid, is an imitation ivory used by cabinet makers and organ builders. It now pays 20 per cent. China clay. Chloralum as a disinfectant is a most valuable article, and used extensively by rich and poor, it has been thought desirable to place it on the free list. Coffee, green (except by Act 42 Victoria, chapter 15), free; fowls for improving stock; iron, sand or globules and dry putty for polishing granite. Quinine. This has been done in deference to the wishes of our hon. friends opposite. Quicksilver; spelter in blocks and pigs; tea, (except as provided in Act 42 Victoria, chapter 15). (Perhaps, Mr. Speaker, it would be as well, while I am on the tea question, to say a word or two with reference to some criticism that has been passed upon the course the Government took in announcing in advance that Parliament would be asked to remove this duty. It will be remembered by the House, that, when last Session the hon. leader of the Opposition presented resolutions for their consideration, proposing a reduction of taxation, I rose in my place and on behalf of the Government, stated the reasons why, at that time, we did not feel ourselves in a position to ask Parliament to reduce taxation. We stated that it was uncertain, what effect this policy would have, although it had shown that it was a revenue-producing Tariff up to that period. Still, there was some uncertainty as to the effects it would have when the new industries being established were in full operation. What was more important, I also stated that there had been petitions sent to Congress from Massachusetts, from Maine, and from New York, asking them to appoint a Commission to confer with a Commission to be appointed by the Imperial Government, to consider the question of reciprocity, that

under these circumstances, it was not desirable to remove any duties then collected, as by such an arrangement we would lose \$1,000,000 revenue, at least, on natural products. If no arrangements were made with the United States by which this revenue would be interfered with, I stated that on the re-assembling of Parliament I would ask the representatives of the people to remove two items of taxation, namely, the duties on tea and coffee. In 1872, without any notice to the public, with a duty on tea 50 per cent. higher than at present, and when tea dealers were found with large stocks on hand duty-paid applications were made to the Government to refund it, which, under the circumstances, the Government then consented to do. At the present time, it would be exceedingly difficult to adopt that principle, particularly as we have a differential duty on tea coming from the United States. It would have been exceedingly difficult to decide as to its value, and whether it was American importation or not. The Government, therefore, decided, unless there were stronger reasons than we could then see, we would not take the course we did in 1872. And to diminish the difficulty what did we do? When visiting the Maritime Provinces in July, with other members of the Government as well, I declared distinctly what we stated in Parliament, that we intended, among other things, to ask Parliament to take the duty off tea and coffee. And we made this statement so that every dealer in the country would be on the alert. We did not want the revenue; we did not wish any man to lose by a reduction in the Tariff on these articles; and we did not wish to be subjected to the embarrassment that occurred in 1872; so we repeated what we said in Parliament, thus putting every man on his guard. (Proceeding with the changes in the Tariff, we also propose to place on the free list tin in blocks, pigs, bars and sheets. That means a reduction of \$100,000 of revenue at least. It is true, on the tins used for the fisheries and exported, the parties now obtain a drawback, but that is attended with considerable difficulty. There is a growing industry in this country—the canning industry—this covers canned fish, fruits and vegetables, the removal of this duty will be a relief to the agricultural and fishing industries. Woods—African teak, blackheart ebony, lignum vitae, red cedar and satinwood—we propose, also, to place on the free list. This will meet the case of some industries in the country which use them and have to pay duty on them. The following duties are changed: Bookbinders' tools and implements, from 15 per cent. to 10 per cent. Common and colorless window glass, now 20 per cent., we propose to raise to 30 per cent. The late Finance Minister will be glad to hear this proposition, because one of the glass factories is located in a section of the country in which he is interested.

Sir RICHARD J. CARTWRIGHT. No; no.

Sir LEONARD TILLEY. Scrap iron, now paying \$2 per ton we propose to reduce to \$1. The question of the iron duties has been pressed upon the Government. The iron industry is an important one no doubt; but at this moment we are not prepared to submit any further proposition regarding it, and I can only say, in addition, with reference to it, that the subject is for the present under consideration. We, therefore, make no change except that I have named. The further proposals we make are: Lead manufactures, from 25, to 30 per cent.; sand paper, from 20, to 25 per cent.; ships hulls, when containing machinery, to remain 10 per cent.; but the machinery in the hulls to be 25 per cent. This is because we found that under the old arrangement there was really an inducement to people to go to the United States and build a vessel and put in her machinery there, for they could be both brought in at 10 per cent., while machinery brought in separately was subject to a duty of 25 per cent. To spirits and strong waters mixed, now paying \$1.90, 20

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per cent. is to be added. I think this was an omission in the past, because we find, from observation, that the fluid extracts imported into the country only pay 12½ per cent., while those who manufacture them in the country have to pay \$1.90 for alcohol used in their manufactory and have no protection whatever. On bags containing salt we propose a duty of 25 per cent. At present bags, in which fine salt is imported, pay no duty whatever; but the manufacturer of fine salt in the Dominion of Canada, if he purchases the cotton bag, has to pay the duty upon it, whatever it may be. Clock springs, now 35 per cent., are to be reduced to 10 per cent. Cotton seed, now 20 per cent. is to be 10 cents per bushel. Fireworks are to be at 25 per cent. Wrought iron tubing, one and three-quarter inch and upwards, is to be reduced from 25 per cent. to 15 per cent. Mustard cake is to be 20 per cent. Paraffin wax or stearine will be placed at 3 cents per pound instead of at an *ad valorem* duty. It has been difficult to arrive at a fair and just valuation, and it is because of that that this change is proposed. Rice, unhulled or paddy, is to be placed at 17½ per cent. This is for the purpose of fostering—and it is likely to do it, because there are a number of steamers now chartered—a direct trade between the Dominion of Canada and the East Indies. Besides, there is being erected in Montreal mills where we will obtain a better article at a lower price. The Customs officials have found great difficulty in fixing the value of different kinds of fruit trees imported. To overcome these difficulties we propose specific duties in lieu of *ad valorem* duties as follows: On apple trees, 2½ cents; pear, 4 cents; plum, 5 cents; cherry, 4 cents; quince, 2½ cents; grape vines, 4 cents. Silk plush or netting for gloves to be 15 per cent; harness and leather dressing will be placed under the head of blacking at 25 per cent; belts and trusses will come under the head of braces and suspenders. Kentucky jeans are to pay cotton duty. This is because efforts have been made to enter articles of cotton under the head of Kentucky jeans. Knitted cotton cloth we propose shall pay 30 per cent.; black and bleached cotton, three and six cords only, 12½ per cent. Tarpaulins coated with oil paint or tar, and cotton bags, made up by the use of the needle, to pay 30 per cent. A question has arisen in the Department as to what duty shall be imposed upon furs when in certain conditions of dressing. We now propose to add the words "wholly or partially dressed" after the word furs, to meet that difficulty. Bolsters and pillows have been entered at a lower rate of duty than mattresses. We propose now that the duty on bolsters and pillows shall be the same as upon mattresses. Glass (pressed or moulded) tableware is to be added to the 30 per cent. list. Under the head of paints, the duty on orange mineral, dry, which is much the same article as dry white lead, is to be reduced to 5 per cent. We also propose to add to the list of varnishes, lacquers, Japan and collodium. These changes involve a reduction in taxation, under head of Customs, of \$1,000,000. Now, Mr. Speaker, I may say here a few words with reference to the proposed changes affecting the receipts from Exise. It will be remembered that a change was made with reference to the mode of dealing with home-grown tobacco. It required that all parties raising tobacco should have authority from a Government official to do so, but we now propose to remove that restriction, and that all parties shall have the opportunity, and as openly and as freely without license, to raise tobacco, as they have to raise potatoes as far as Government restrictions are concerned. It is proposed, however, to leave the amount which is collected for twist the same as it now is, and to license parties in different parts of the country, without the payment of any fee, to buy from the producers of tobacco anywhere and everywhere, whatever surplus they may have for sale, and such parties will sell to the individuals who have the licenses to

manufacture. We propose that for the next two years, instead of 14 cents, as now levied, per pound, 8 cents per pound shall be levied on all tobacco which is grown in the Dominion of Canada, and for the two years following, 10 cents per pound. This change will probably affect the revenue, although we cannot pronounce exactly on this point—\$50,000 the first year; after that the reduction will probably range from \$50,000 to \$75,000 a year. Then there is another question which has been brought under the consideration of the Government, by the commercial men and bankers of Canada. I refer to the legislation requiring stamps on notes and bills of exchange. In the preparation of this Tariff no special consideration was given to those who are engaged in business except in the way of increased business, and the prompt payment of accounts. We propose to relieve this class of the community of this duty, which has given a revenue of \$200,000 a year. And further, the Government have decided to ask Parliament, in the Supplementary Estimates, for \$150,000 to be distributed in the shape of a bounty to the fishermen of the Dominion of Canada in lieu of the interest on the Fishery Award. This subject, Sir, has been a difficult one, because pressure has been brought to bear by some of the local governments for the payment of the amount of the Fishery Award to them; but a vote—and a very large vote—of Parliament declared that this should not be done. In consideration, however, of the competition and interference of the Americans with our own fishermen, it has been considered desirable to give a tonnage bounty to every vessel engaged in the fisheries, and also a certain sum to every boat which is employed in the fisheries and which is licensed for that purpose. And while this will encourage the fisherman of the Dominion and extend our fishing operations—an important industry, the exports of which amount to over \$6,000,000 a year—it is expected that it will increase the building of a certain class of vessels in the Dominion of Canada, such as are to be found in Massachusetts, and constructed especially for this branch of business. Our people go there now, as they have gone every year since the passage of the Washington Treaty, as well as before that treaty was in existence, and to ports elsewhere in the United States to make arrangements with the owners of the vessels and clippers which are adapted for their purposes, to man and sail them on shares—as we have no vessels such as they require—consequently, the step which we propose to take will not only encourage and benefit our fishermen in the prosecution of their occupation, but it will also give a new impetus to the construction of the class of vessels which are required for this special work. Now, Sir, the result is that the propositions which I have just submitted, will entail a loss to the revenue from Customs and Excise to the amount of \$1,300,000 a year, while there will be an extra expenditure of \$150,000 for the purpose which I have named. This will, of course, reduce the available means at the disposal of the Government to the extent of \$1,500,000 per annum, and it may do more. Still that may be the limit, though other circumstances may reduce the revenue. We are now having erected three sugar refineries for the manufacture of beet root sugar. This is a business which, so far, has been limited, but still we must not shut our eyes to the fact that the day is not far distant—and, perhaps, it will occur in the next twelve months—when the revenue which is now received from imported cane sugar will be diminished, owing to the vigorous prosecution of this industry. That this will occasion a loss of revenue; but, at the same time an impetus will be given to a manufacturing industry, which will be of especial advantage to the agricultural interest, if it proves a success. When we bear in mind the fact that we have at present but 180,000 spindles engaged in the manufacture of cotton, and that, before the close of the

year 1882, we are likely to have 400,000 spindles in operation, the probabilities are that we will not obtain from cotton goods the same amount of revenue which we have received from this source during the past year. The experience of the last three years has shown that where vitality is given to any one of these manufacturing industries, we find that the employes, and those who are connected with them, and the parties who import machinery, pay large sums into the revenue—the revenue from machinery alone during the past year amounted to \$120,000—and those restore to the Treasury much of that which is lost in duties on articles manufactured; but still, as these industries increase and multiply, the imports of some of these articles must necessarily decrease. Still, we may fairly consider that, under the operation of these proposed changes, and under the operation of the increase in the manufacturing industries of the country, we may have available \$1,750,000 less during the next year than we will have during the present year. Now, Sir, I desire to come to the estimate with these changes in view of the expenditure and the estimated revenue of next year. It is estimated that the Customs will yield next year, instead of \$20,500,000, which was the estimate for this year, the sum of \$19,500,000; from Excise, \$5,500,000; from the Post Office, \$1,500,000; Railways and Canals, \$2,500,000; Interest on Investments, \$700,000; and Miscellaneous, \$900,000, making a total of \$30,600,000. The expenditure, according to the Estimates which are now laid on the Table of the House, will be \$27,300,000, or somewhere in that neighborhood. The vote that will be asked, in the Supplementary Estimates, as bounty to the fisherman, will be \$150,000, and there will probably be farther Supplementary Estimates amounting also to \$150,000, making the gross Estimates, \$27,600,000 for next year. The items in which the expenditure is increased are those which are placed in the Supplementary Estimates for the present year, the Indians, the postal service, railways, and various other services, and this will leave a surplus of \$3,000,000. I have not taken into account the probable receipt of a very much larger sum from the proceeds of lands to be sold in the North-West, likely to be received during the present year. The estimate of receipts, from all sources, under the head of miscellaneous last year, was something like \$800,000. They are estimated this year at \$900,000, and I have continued that estimate for the next year, but there is every indication, and it is quite within the range, not of possibility, but of probability, that if the Government feel that they can reserve a sufficient amount of land in the districts of the country that will be required for actual settlement, the Government may be able to sell for cash, without interfering with the principle of actual settlement, a large quantity of land, and a very large revenue will be received from it. I have placed, however, in this estimate, nothing more than the ordinary sum expected to be received during the current year. It will be seen that we will have to provide a very large sum for expenditure under the head of Capital Account. For instance, the Minister of Railways has asked for \$8,200,000, as subsidy to the Pacific Railway Syndicate during the next year. That is based upon their own statement of the work they expect to perform. I rather think that an outside estimate, but, at all events, whatever money may be required to pay to the Syndicate under the terms of the agreement will be received by the Government from the sales of the land-grant bonds, and therefore we will not require to go outside for any loan for the purpose of meeting whatever that expenditure may be. What is more, the hon. Minister of Railways and the hon. Minister of Public Works claim that they will expend, on the Pacific Railway now under contract, in the completion of the sections between the head of Lake Superior and Manitoba, on the British Columbia section, on the Canals and on other Public Works chargeable to capital, \$9,000,000;

and, in addition, we will restore—have to redeem—\$7,340,000. I should not say we have to redeem, we will redeem—we are not bound to redeem—\$5,000,000 of it bearing 5 per cent. interest, but we have given notice to the holders of those \$5,000,000 of 5 per cent. securities that we will redeem them in September next—and \$2,340,000 of 6 per cent. debentures fall due in England; making altogether \$16,340,000, that we will have to provide for outside of the sums to be paid to the Syndicate, and for which we have now on deposit on interest in the bank \$5,000,000. We have an estimated surplus for the next year of \$3,000,000; an estimated savings bank deposit of \$4,000,000; we have an estimate of \$1,000,000 increase in circulation of Dominion notes, leaving but \$3,500,000 to be raised either by the exchange of 4 per cent., bonds for the fives to that amount, or the issuing, in Canada, of a loan at 4 per cent. for the \$3,500,000. We were able to provide for \$8,150,000 last year, \$12,000,000 this year, and \$16,000,000 for next year without floating a loan outside of the Dominion of Canada, or any loan indeed, except the amount received from the earnings of the people of Canada. It is a striking fact, to which I wish just here to call the attention of the House, that the amount that is now being paid into the savings banks of the Dominion of Canada every month is nearly \$400,000 over and above the sums withdrawn, and has been so for the last three years. It is an important fact that I am able to state here, that in the three years and four months ending on the 1st February, there were deposited in the savings banks and in the Post Office savings banks of Canada, notwithstanding that the Government did not want all this money, and had indeed made regulations by which the amount to be received in the savings banks should be reduced from \$10,000 to \$3,000, that no interest should be paid for the month in which the money was deposited or withdrawn, so as really to discourage deposits—that notwithstanding that, the amount of deposits in the three years and four months in these institutions has increased over and above the sums withdrawn \$10,000,000 and upwards, and in the banks of the country they have increased during the same period \$26,000,000 and upwards, making an increase in deposits of the earnings of the people of this country in the banks of the Dominion and the savings banks in that time of \$36,000,000 and upwards. And this, while we are investing in manufactories and other industries of the country large sums of money, while we are sending our money to Manitoba and the North-West and investing it there, while the people of Canada have invested in the last three months \$3,000,000 in the bonds of the Canadian Pacific Railway, still, notwithstanding this increased demand, we find that deposits have increased in that period to over \$36,000,000. No better evidence could be given of the prosperity of the country than this, and I say, and I hope to prove it before I get through, that this is largely due, as I stated at the outset, to the policy, the National Policy, which was adopted in 1879. Now, Sir, I know that, in dealing with figures, the subject is a rather dry one, and I have not, perhaps, made myself as clear as I would desire; but having stated briefly the expenditure for the last year, and income, the expenditure and estimated income for the current year, and the probable income and expenditure for the next year—I desire to say a few words with reference to the predictions that were made on the opposite side of the House when this policy was introduced. I think, if my memory serves me, that all of them have failed, and utterly failed. Now, Sir, I proceed to submit testimony in justification of my statement. I know it is a strong statement. It is going a great length to say that they have all failed. They certainly have failed to a very great extent, and I may say, and I repeat, that practically they have all failed. What were the statements that were made when this policy was introduced? One of them was,

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that it was calculated to interfere with the trade between the Dominion of Canada and Great Britain, that the policy was one that was in the interests of the United States rather than that of Great Britain, and therefore the feeling in the parent land would be one of great dissatisfaction with the Dominion of Canada, and the result would be damaging to our credit. Sir, time solves many questions, and it has solved this. I have in my hand a comparative statement—I have selected the year 1877, because the imports for consumption are nearer, in that year, to that of 1881, than that of any other year I could find under the old Tariff—from which I find that the gross imports for consumption in 1876-77 were \$96,300,483. Deduct from that the United States breadstuffs exported, to the value of \$4,562,000, included in the imports for consumption, that leaves a balance of \$91,737,740. The imports from Great Britain in that year were \$39,572,239, or 43 per cent. of the whole imports; from the United States, \$46,746,736, or 51 per cent.; and from other countries, \$5,418,765, or 6 per cent. In 1881, the imports from Great Britain were, \$43,583,808, or 48½ per cent. of the whole, against 43 per cent. in 1876-77; from the United States, \$36,704,112, or 40 per cent., against 51 per cent. in 1876-77; and from other countries, \$11,323,684, or 11½ per cent.; making a total of \$91,611,604, against \$91,737,740, in 1876-77. These figures show an increase of imports from Great Britain of \$4,011,569, a decrease of imports from the United States of \$10,042,624, and an increase of imports from other countries of \$5,904,916. Now, Sir, that establishes most clearly and agrees with the evidence submitted at the last Session of Parliament, that there has been a very large relative increase in the imports from Great Britain during the two years over those from the United States. It was stated by the Government in 1879 that such would be the case, because the manufactories that the Government expected to establish in Canada by means of the Tariff, were those the products of which we had previously largely imported from the United States. It was not with any ill-feeling toward our neighbors that this Tariff was established; but we were naturally gratified when we found that the policy we had introduced, to give additional employment to our own people, would interfere less with the industries and interests of Great Britain than with those of the United States. Such has been the result, and we thus have the answer to the fear that was expressed, that the Tariff in its operation would affect our trade with Great Britain more than that with the United States. Sir, there was another statement made; it was, that under the operation of a Tariff that imposed a duty upon breadstuffs, the forwarding trade between the United States and Europe *via* the St. Lawrence would be diminished. Well, I was able last Session to bring most conclusive evidence to show that it had not produced that effect.

Mr. MACKENZIE. What about last season?

Sir LEONARD TILLEY. I am going to give you the figures for three years, and I will also speak of last season.

Mr. MACKENZIE. Give us last season.

Sir LEONARD TILLEY. I quote from the Trade and Navigation Returns for the last five years, and I will show that it was not the Tariff that caused the reduction last season. In 1876-77, converting flour into bushels of grain, the amount of foreign grain exported from Canada was 6,565,154 bushels; in 1877-78, the exports were 8,521,590 bushels; in 1878-79, they were 8,777,380 bushels; in 1879-80, 11,808,049 bushels; and in 1880-81, 12,143,720 bushels, or for the three years, from 1876 to 1879, an average of 7,954,711 bushels, before the difficulties said to be raised by the Tariff could have existed, while in the two years after the duty was imposed upon breadstuffs the average was 11,975,000 bushels. Now, my hon. friend (Mr. Mackenzie)

asks what about last season. After the opening of navigation—or after July—there was a falling off, but what was the cause of it? There was a decreased export from the United States ports during that period. At New York there was a falling off of 22 per cent., Baltimore about 24 per cent., Philadelphia 40 per cent., and Boston, which was the lowest, I think, something like 16 per cent. More than that there was what seldom occurs. There was a ring which had been in existence for two years by which the grain trade of Chicago was controlled, and which kept up prices, and this ring stipulated with the railway companies, such was the competition among the roads, for largely reduced rates, which had the effect of sending the trade by way of New York rather than by the St. Lawrence. It was to these exceptional circumstances, especially the reduction of the exports of United States grain, that the falling off of nearly 32 per cent., as compared with the previous year, was due. It was not due to the fact that the produce of the United States had to be passed through in bond and shipped in bond at the different ports of the Dominion. I give these figures to show that the fear, expressed by our friends opposite that the St. Lawrence trade would be diminished by the change in the fiscal policy, has not been realized. Now, Sir, the next objection raised by hon. gentlemen opposite was, in their own language, that the Tariff would dismember the Union. How was it to dismember the Union? Because, as they alleged, that the imposition of the new Tariff would increase the taxation of certain of the smaller Provinces, and that they would be knocking at the doors of the Dominion, demanding to be relieved of the burdens imposed upon them by the operations of that Tariff, or permission to withdraw from the Union. Let us place together for purposes of comparison the two Provinces of Quebec and Ontario—for a large portion of the goods consumed in Ontario are entered at the Port of Montreal—and place together the Provinces of New Brunswick and Nova Scotia, because New Brunswick receives from the western portion of Nova Scotia a large part of her natural products, while the merchants of St. John supply largely the merchants of the western part of Nova Scotia, the revenue being collected in New Brunswick, and paid by the consumer in Nova Scotia. If you take these two Provinces together and the Provinces of Ontario and Quebec together, what do we find? That under the Tariff of the hon. gentlemen opposite, there was collected 14½ cents per head for Customs in Nova Scotia and New Brunswick, during those five years, more than were collected from the people of Ontario and Quebec. Now take up the last Trade Returns, and see what is the operation of the new Tariff, as far as the people of those Provinces are concerned, and you will find the difference in the last two years is that, instead of being 14½ cents in excess, it is largely below the amount that has been paid by Ontario and Quebec. The hon. gentleman opposite (Mr. Anglin) claps his hands, and I am very glad he is pleased with such results. We must take into consideration that in 1879-80 the population of Nova Scotia and New Brunswick paid into the Treasury a considerable sum of money in the shape of duty on the sugar they consumed and refined in Montreal, but, during the present year, that has been reversed, and the tables will show, from this time forward, that the refiners of Nova Scotia and those of New Brunswick, will pay to the Customs officials of those two Provinces a large sum of money for goods consumed in Ontario and Quebec, and, therefore, making every allowance for the duties that would have been paid by the people of the Lower Provinces upon the articles that are purchased from Ontario and Quebec, it will be found that this Tariff, instead of having an injurious effect upon Nova Scotia and New Brunswick it has had a beneficial effect in reducing the comparative taxation, and it has had a still more beneficial effect on the Province of Prince Edward Island. It will

be found that, if any section has to complain, it is not the smaller Provinces, and on behalf of whom the sympathies of this House were invoked; for the practical effect has been a comparative reduction rather than an increase of their taxation under the operation of this Tariff. Then, Sir, we were told that this Tariff would be oppressive to a certain section of the Dominion of Canada by the imposition of a duty on coal, while it would do no good whatever to Nova Scotia or other portions of the Dominion where there are large coal deposits. When I was asked by an hon. gentleman opposite in 1879 what increase of the consumption or what demand the Government expected to create for Nova Scotia coal by the operation of the Tariff, I stated that probably within a short time the consumption of Nova Scotia coal in the Dominion of Canada would increase to the extent of 400,000 tons.

Mr. ANGLIN. And displace American coal to that extent.

Sir LEONARD TILLEY. Yes, I did; "to a very large extent" I said; or, if it will please the hon. gentleman more, I will say to that extent. I did not suppose, Mr. Speaker, sanguine as I was, with reference to the effect of this Tariff, that in three years, by the increased industries and by the increased demand for steam power, it would make a demand which would require over 400,000 tons to meet it; but we find that these industries have been growing up all over the country to such an extent that it has required more than 400,000 tons from the Nova Scotia miners, and has also caused a largely increased amount to be imported from the United States as well.

Mr. MACKENZIE. Will the hon. gentleman state where that coal was distributed in the other Provinces?

Sir LEONARD TILLEY. I cannot now say where, but I know some of it reached Cobourg.

Mr. MACKENZIE. How much?

Sir LEONARD TILLEY. I know that, because I saw it going into a factory there. It was 800 tons I think they told me they had purchased from Nova Scotia, and I heard that some Nova Scotia coal was furnished to a factory in Kingston, and it was declared to be the cheapest coal for steam purposes; and at Guelph, also, I am told there was some consumed. But there is this on record: that in 1877, 757,000 tons of coal was raised in the mines of Nova Scotia; in 1878, 770,603 tons; in 1879, 788,271 tons; in 1880, 1,032,710 tons; and in 1881, 1,116,248 tons; and to be added to that, there was in British Columbia, 214,243 tons, against 145,542 tons in 1878, or a total of 916,145 tons in 1878, against a production in 1881 of 1,333,391 tons, being an increase of 417,246 tons per annum.

Mr. MACKENZIE. Will the hon. gentleman now state the amount of export in each of those years?

Sir LEONARD TILLEY. To the United States it was just about the same.

Mr. MACKENZIE. To all quarters?

Sir LEONARD TILLEY. It is just about the same, leaving the consumption in the Dominion of Canada, increased by that proportion, 400,000 tons.

Mr. BUNSTER. Mr. Speaker, might I—

Some hon. MEMBERS. Order.

Mr. SPEAKER. Order.

Mr. BUNSTER. I have a right to put the Finance Minister right. Were it not for the absence of the Island Railway we would have had over a million tons of an increase.

Sir LEONARD TILLEY. It only shows what is in store for us then. There was another very grave objection

brought to this policy, and that was, that when we imposed an additional duty upon sugar refined in any country that granted a bounty—that is when we provided that on the importation of sugar from any country that granted a bounty, the *ad valorem* duty should be levied on the duty-paid value of such sugar, and when we increased the duty on raw sugar 5 per cent., and the duty on refined sugar 10 per cent. hon. gentlemen opposite said this was an outrageous proceeding, that the loss to the Dominion of Canada might be counted at least by a million of dollars—\$900,000 to \$1,000,000—and it would be better, said our friends of the Opposition, to take all the men that would be employed in those refineries, proposed to be put into operation, and board them at a hotel and pay their bill, than to introduce this policy. Now, what are the facts that have developed during these last few years? Last year, I think, certainly the year before, the ex-Finance Minister intimated that we would lose \$900,000 of revenue; and the leader of the Opposition stated, here and at a public dinner in Toronto that, under the operation of this policy, we lost during the years 1879-80 \$600,000 of revenue, and that the people of Canada paid \$600,000 in increased price for the sugar which they consumed, so that the sugar monopoly, as he termed it, cost the people of the Dominion of Canada \$1,200,000 a year. I stated in my place in the House last Session in answer to that hon. gentleman, when he said a loss of \$600,000 revenue had taken place, that the returns laid on the Table perhaps justified the hon. gentleman in making the statement, because they showed that, in the year 1880, there had been \$600,000 less of revenue collected from sugar than in 1879; but I pointed out that the revenue collected in 1879 was \$300,000 more than it would have been, if they had not imported in January, February and March, before the Tariff was changed, \$1,000,000 worth of sugar more than they usually imported in those three months; so that there would not have been an apparent loss of \$600,000 if the \$300,000 had been credited to that year; and, further, that from the returns laid on the Table of the revenue collected for the first six months of that fiscal year, it was clear that the revenue to be received during that year would be equal to, if not above, that collected in any previous year. What has been the result? The figures that I am now quoting can be found in the Trade and Navigation Returns, and they show this: that during the last year we paid into the Treasury for duties on sugar, \$154,910 more than the average for the five years previous, and under the Tariff of the hon. gentlemen opposite, justifying the statement I made, and showing that, as far as the present Tariff is concerned, there is no loss, or comparatively no loss, of revenue, because if we add \$800,000 to the value of the sugar imported, and that \$800,000 is represented by freight from the West Indies, the labor in the refineries, coal consumed, interest on capital and other expenditures, and you add 43 per cent. duty collected in the year 1876-77 on the sugar imported, with the sums named added, then it would only give \$40,000 more than we collected last year. There is the fact that \$154,000 more were received during the last year than the average of the five years previous; so much with regard to the anticipated loss of revenue. A few words with respect to the cost of sugar to the consumer. When I made the financial statement last year I had obtained, from reliable sources, a return showing the comparative prices in New York and Montreal, when we had two refineries in operation. I stated that, as far as the prices of granulated sugar were concerned, it appeared that those paid by the consumers in the Dominion were 25 cents per 100 lbs. more than they would have been if the sugars had been imported under the Tariff of 1877-78; but I might have added, as I propose to add now, that that calculation did not take into account the profits of importers, the middlemen, between the New York refiners and the men who bought

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and sold the sugar here. Still I admit that as regards granulated sugar, omitting the profits of the middlemen, there was the difference of 25 cents per 100 lbs. The yellow refined sugars being much less than it could have been imported for under the Tariff of 1877. I have now a carefully prepared return showing the values during two periods in each month in New York and Montreal, deducting the drawback and adding 30 cents per cwt. as the expense of importation; this calculation does not include 50 cents per cwt. profit on transactions between the New York refiner and the Canadian consumers; giving the consumers the benefit of that also, there was still 7 cents loss charged to the people of Canada on that line of sugars than if it had been imported from New York, under the old Tariff; adding the profits of the middlemen, the saving was 57 cents per 100 lbs.; and, with respect to other refined sugars the difference was much greater. As far as the revenue is concerned, there has been no loss, and \$800,000 were probably expended in Canada in refining sugars, in freights, and in cost of coal. What have we in return? I explained this very fully last year, and showed what the effect of establishing refineries had been. There are now employed 1,000 hands in the cane sugar refineries, or 1,100, including those directly connected with the beet root sugar industry. Those men, most of whom have families, require food, clothing, tenements, and everything that the merchants, manufacturers, and farmers supply; those men are employed in this country at remunerative wages, whereas they would have removed to another country if it had not been for the policy that rebuilt those industries and placed them in motion. Then we have 400,000 tons of coal raised from the mines of Nova Scotia, giving employment to, perhaps, 1,000 men—60,000 tons of the 400,000 tons increase in the production of the Nova Scotia mines being used in the refining of sugar. Thus employment was given to the miners, a market was afforded to the coal owners, business was provided for vessels and railways, 60,000 tons of vessels being employed in conveying raw sugar from the West Indies to different ports of the Dominion, something like 90 per cent. of the whole coming direct to Canada, instead of 6 per cent. as in 1878. Employment was also given to coopers, and, in one section of the country I visited, the timber on the land had increased in value because of the demand for the particular wood used for sugar casks. Everywhere, in the extension of trade, increased machinery was required and in operation, and additional employment was given to the people. Hon. gentlemen opposite are aware that one of the refineries has not, so far, been a financial success; if it had not been for that the Moncton refinery would have been quoted as paying enormous profits. It will, however, give the ex-Finance Minister the opportunity of repeating that all those establishments will become failures when, by their increase, competition becomes keen, and loss would accrue to those engaged in them. If our policy stood alone on this question of sugar refining, which is announced as a huge monopoly, I hold that the facts I have given afford an answer to the statement and the fears expressed with respect to this matter. Now, Sir, it was alleged that this Tariff would fail either as a revenue-producing Tariff, or as a protective Tariff. What evidence have we that hon. gentlemen opposite were mistaken on that point? There are various ways of ascertaining the increase of industries as the effect of the Tariff. The one which I will now present is to show how the quantity of raw material consumed by manufacturers has increased since the adoption of this Tariff.

It being Six o'clock, the Speaker left the Chair.