

work for which such sum was paid, the date of payment, and the report, estimate or account upon which each payment was made; statement of the amount paid to Jules Bélanger in connection with the said works.—(Mr. Langelier.)

Copies of all advertisements for tenders, of all specifications, and of all tenders received, for fog-horns and letter box fronts, from 1st January, 1884, to 31st January, 1885; also, of all correspondence, contracts, accounts, receipts and documents relating to the furnishing of such fog-horns and letter box fronts.—(Mr. Langelier.)

Statement of the quantity and value of coal purchased in 1883 and 1884, for the use of the public buildings at Ottawa, including Rideau Hall, showing from whom purchased, the price paid per ton, the kind of coal and where produced.—(Mr. Kirk.)

Return to show the number of officers, non-commissioned officers and men comprising "A," "B," "C" batteries, the cavalry and infantry schools; also the pay and allowances of the commissioned officers of said batteries and schools, with their rank and names, and distinguishing such of said commissioned officers as are graduates of the Royal Military College, the date of appointment of all said Officers to the Schools and of their commissions in the militia, as well as showing their qualifications and the Provinces from which they come; also, Return showing the expenditure on account of "A," "B," "C" batteries, the cavalry and infantry schools, from the 1st July, 1884, to 1st January, 1885, distinguishing the disbursements on account of pay and allowances, and the names of the parties to whom payments were made.—(Mr. Cameron, Middlesex.)

Return showing:—1. The amount of revenue derived from the importation of wines, spirits, ale, beer, porter, cordials and other liquors during the last fiscal year. 2. The amount of revenue derived from the manufacture of the same for the same period.—(Mr. Rykert.)

Statement showing the earnings and working expenses of the Eastern Extension Railway, from New Glasgow to Port Mulgrave, Nova Scotia, for each month of the calendar year, 1884, respectively.—(Mr. Cameron, Inverness.)

Return showing:—1st. Number and names of the students having passed or graduated from the Royal Military College, Kingston, in each year to date. 2nd. Total number of marks received by each, together with the total number possible to be obtained in each year respectively, and the percentage of such total obtained by each pupil. 3rd. Number and names of those cadets who after passing through said college are now employed in the service of the Dominion, together with statement of the positions occupied by each. 4th. Number and names of cadets who have been offered employment in the service of the Dominion, and have declined the offer, together with statement of the position offered and declined by each respectively.—(Sir Richard Cartwright.)

Sir HECTOR LANGEVIN moved the adjournment of the House.

Motion agreed to, and House adjourned at 11:10 p. m.

HOUSE OF COMMONS.

TUESDAY, 3rd March, 1885.

The SPEAKER took the Chair at Three o'clock.

PRAYERS.

FIRST READINGS.

Bill (No. 72) respecting the Ontario Pacific Railway Company.—(Mr. Bergin.)

Bill (No. 73) to incorporate the Calgary, Edmonton and Athabasca Landing Railway Company.—(Mr. Williams.)

Bill (No. 74) respecting the Manitoba and North-Western Railway Company.—(Mr. Royal.)

Bill (No. 75) to incorporate the Canadian Pacific Employés Relief Association.—(Mr. Gault.)

Bill (No. 76) to amend the Act respecting the London Life Insurance Company.—(Mr. Macmillan, Middlesex.)

Bill (No. 77) to incorporate the Hamilton, Guelph and Buffalo Railway Company.—(Mr. Kilvert.)

Bill (No. 78) to incorporate the Truro Bank.—(Mr. Tupper.)

Bill (No. 79) to incorporate the Rush Lake and Saskatchewan Railway and Navigation Company.—(Mr. Tupper.)

WAYS AND MEANS—THE BUDGET.

Sir LEONARD TILLEY. Mr. Speaker, in rising to move that you leave the Chair and that the House go into Committee of Ways and Means, I desire, as is the custom, to ask

the attention of the House not only to the consideration of the Estimates for the next year and the changes that the Government propose in the tariff, but to review, as briefly as possible, the financial condition of the country and the results that have followed the adoption of the policy accepted by Parliament in 1879. We have had laid upon the Table of the House since 1879 the Departmental reports, including the Trade Returns and the Public Accounts, which put Parliament in possession of all the information connected with the administration of the Government, with its expenditures, with its policy, and with its acts. I desire, Mr. Speaker, on this occasion, as the House is in possession of these reports, to call the attention of Parliament to their contents, and I trust that before I close I shall be able to satisfy the supporters of the Government as to the economical administration of the affairs of this country during the five years, as well as the success that has attended the policy called the National Policy, adopted in 1879. I say I hope to have the assent of the supporters of the Government to the facts and statements that I propose to submit; and as we also have before Parliament the returns from 1874 until 1879 containing the results of the administration of our predecessors, I hope that by the contrast we will be able to make, we will also have the assent of hon. gentlemen opposite to the declarations that I am about to make in favor of this policy.

Sir RICHARD CARTWRIGHT. Your faith is great.

Sir LEONARD TILLEY. My faith is great—yes, Mr. Speaker, and I am glad to know that it is greater than that of the hon. gentleman opposite, and I trust that before we close this discussion—because I have no doubt that, as in Sessions past, it will take a wide range, and that a good deal of time will be occupied in it—we will have reason to feel that I am nearer right than my hon. friend opposite, who takes a more gloomy view than we do on this side of the House with reference to the circumstances to which I refer. It has been the custom, during the last three Sessions of Parliament, and it has been the custom of hon. members opposite out of Parliament, to endeavor to show that the Government of the day has been extravagant because we have added largely to the expenditure of the country, and they claim that it must necessarily, therefore, add to the taxation of the country in proportion to the increased expenditure. Now, Sir, one of the objects that I have in view in addressing this House on the present occasion is to show that while we have increased the expenditure largely, we have not increased the taxation of the country beyond the increase of the population. It is a very easy thing for hon. members to say here or elsewhere that the expenditure of the country has increased from \$24,000,000 to \$30,000,000 or \$31,000,000, and to state that that is ample and sufficient evidence to prove the extravagance of the Government. I find on looking over the expenditure of the late Government that from 1874 to 1879 the average expenditure was nearly \$24,000,000, I think \$23,900,000. The smallest expenditure, I believe, was in 1877-78. It was remarkable that the expenditure that year was less than usual—I will not say what object hon. gentlemen had in reducing it then and increasing it the following year—but I will take for the purposes of comparison, and in order that hon. gentlemen opposite may have the full benefit of 1877-78, the expenditure for that year, and compare it with the expenditure in 1874, and I will call the attention of the House to each of the items to show that many of those expenditures on which there were increases did not add one dollar to the taxation, and were necessary and justifiable in the public interest. The difference between the expenditure for 1877-78 and 1884 was something like \$7,500,000, and I can quite understand that that statement, made in Parliament and out of it, is calculated, without explanation, to mislead the public with regard to

the expenditures of the Government. The first item I will consider is the expenditure under the head of railways and canals. The expenditure in 1884 was \$1,035,443.81 more than that of 1877-78. Well, Sir, did that cost the country anything? On the contrary, it was a saving to the country. Let me give you, Mr. Speaker, the receipts and expenditure from 1874 to 1879, for railways and public works, and the receipts and expenditure from 1879 to 1884, as an evidence that that increased expenditure did not cost the country anything, but that it was in the interest of the country and of the revenue. Here are the figures:

Receipts from July 1st, 1874, to July 1st, 1879	\$ 8,616,298
Expenditures from July 1st, 1874, to July 1st, 1879	11,688,318
Deficit.....	\$ 3,072,020

or \$614,405 per annum—

Receipts from 1st July, 1879, to 1st July, 1884	\$13,718,389
Expenditure from 1st July, 1879, to 1st July, 1884	14,476,470
Deficit.....	\$ 758,081

or \$151,616 per annum. It must be borne in mind that between 1877-78 and 1884 there was an increased railway mileage worked by the Government, that there was increased business transacted, and that, of course, must necessarily increase the expenditure, especially when by the additional mileage worked we had additional business, for every person understands that you cannot carry 100,000 tons over a railway at the same expenditure that you could carry 70,000. There must necessarily be an increased expenditure; and, therefore, so far from this \$1,030,000 odd representing increased taxation to the country the deficit was reduced from \$600,000 to \$100,000, making half a million dollars, as the benefit in a financial sense received by the Dominion. The next item of expenditure to which I desire to call the attention of the House is that of the Postal Service. The expenditure for 1884 was \$588,026 more than it was in 1877-78. That added so much to the expenditure of the year. But did it add to the taxation? No, it did not. I heard an hon. member opposite—I do not see him in his place now—complain because the Government, and especially the Postmaster General, had not provided additional postal accommodation in a certain district. We know that since 1877-78 there has been an enormous increase in the accommodation given. We know that the number of offices established, the increased mileage of road over which the mails are conveyed, and the number of letters, papers and postal cards have respectively increased, and I can appeal to hon. members on both sides of the House, who will agree with me that the increased facilities provided during the last five or six years have been very great indeed, to say nothing of the increased expenditure to establish postal service in Manitoba and the North-West Territories, where the expense would naturally be far in excess of the receipts from the service rendered there for a number of years. In view of all those increased facilities, all the increased accommodation, the opening of 4,000 or 5,000 miles of railway since 1874-75, the railways receiving subsidies for the mail service they perform, so soon as the mails were sent over them, it was but natural that there should have been a very large and considerable increase. Has it added anything to the taxation of the country? Nothing whatever. Let us see what are the facts with respect to that service. Here is a statement of the receipts and expenditure:

Receipts, 1st July, 1874, to 1st July, 1879....	\$ 5,753,025
Expenditure, 1st July, 1874, to 1st July, 1879	8,358,360
Deficit	\$ 2,605,335

or \$521,067 per annum—

Sir LEONARD TILLEY.

Receipts, 1st July, 1879, to 1st July, 1884...\$ 7,748,560
Expenditure, 1st July, 1879, to 1st July, 1884 10,064,549

\$ 2,315,989

or \$463,196, against \$521,067 for the first five years. It is all very well to point to increased expenditure, but so long as there is an increased return equal to, or in excess of, that expenditure, and so long as we are giving additional accommodation to the country, I am sure this House and the people will never object to any such increased expenditure made under those circumstances. The next item to which I desire to call the attention of the House by way of comparison is the Dominion Lands expenditure. That expenditure was in 1877-78, \$87,628; 1884, \$166,898, an increase of \$79,270. Now, Sir, when we consider the vast territory which has been transferred to the control and management of the Department of the Interior, when we consider the large sales that have been made in the last three or four years, when we consider the number of settlers who have gone upon the lands of that country—and from which lands we have received no money return—when we consider that the receipts for lands from Manitoba and the North-West from 1874 to 1878 were \$89,392.61, while the receipts from 1879 to 1884 were \$4,070,543.67, I think it will be understood by this House why the management of so large an estate as that, the sale of such a large portion of that country, and the settlement of tens of thousands of people upon its lands, justified the increased expenditure of something like \$60,000 or \$70,000 last year, as compared with the expenditure of 1878.

Mr. MACKENZIE. Is that exclusive of the capital expenditure?

Sir LEONARD TILLEY. No, I will come to that by-and-bye—the hon. gentleman will find that I have not forgotten it. The next item of expenditure is public works and buildings. The expenditure under that head in 1877-78 was \$998,594.70. In 1884 it was \$2,908,851.65, or an increase of expenditure amounting to \$1,910,256.95. The expenditures last year on public buildings and harbors, and all other works under the management of the Public Works Department, were nearly treble what they were in 1877-78. Now, Sir, so far as this expenditure is concerned, I admit that it is a charge on the country—I admit that there is no direct return given. But who will say that if the Government or the country has a surplus sufficient to induce Parliament to vote sums of money for the construction of public buildings, for the improvement of harbors, and the navigation of our rivers—that the Government is not justified in spending it in that way? These works and buildings are part of the assets of the Government. If we do not erect these buildings we would have to pay rents for inferior ones, and we know perfectly well that it has been, and necessarily will be, the policy of the Government of Canada, that whenever the funds of the Government admit it, these buildings shall be erected in every important town and city throughout the Dominion of Canada. The only question is whether the treasury will admit it, and how rapidly these works are to be undertaken. We know perfectly well that the trade and commerce of the country must largely depend on the facilities that are given to it. We have since 1867 expended a large sum of money in improving the navigation of our rivers, in improving our harbors, in establishing harbors of refuge throughout the country, and I do not hesitate to say that in my judgment, whenever the funds of the country will admit it, Parliament will justify the erection of these buildings for the public service throughout the Dominion just as rapidly as the work can be done. The next item is Interest, and under the head of increased expenditure for that item is the sum of \$651,297.06, paid in interest over and above the interest which was paid in 1877-78. Now, Mr. Speaker, a large portion of that interest is met by the increased

receipts of interest, perhaps reducing it by \$300,000. But I am in a position to state here that, though that sum is nominally \$651,297 more than was paid in 1877-78, the net interest paid by the people of Canada during 1884, in proportion to its population, was less per head by 8½ cents than it was in 1877-78. The next item that swells up the expenditure is the excess of \$337,746.65 paid into the Sinking Fund more than was paid in the year 1877-78. It is only necessary for me to remind the House that the sinking fund is a sum laid aside towards the redemption of the debt, and that it is practically a reduction of the debt to that amount, instead of an increased tax, though it appears on the expenditure side of the account. The next item is Immigration and Quarantine. In the year 1877-78, the expenditure under that head was reduced very materially from what it had been the previous three years. It was \$180,691.44, while in 1883-84 the expenditure was \$575,326.72, an increase of \$394,635.28. I may state to the hon. gentlemen opposite that the average expenditure during their Administration for immigration and quarantine was \$300,000 a year, and for the five years from 1879 to 1884 it was \$340,000 a year, with results which, I need hardly say, were three-fold greater than the results of the expenditure during the five years from 1874 to 1879. Sir, I think it is not necessary for me to say anything more than to make that statement with reference to that branch of the expenditure. The next item is Militia and Defence, the expenditure upon which in 1877-78 was \$618,136.58, while in 1884 it was \$989,498.22, or an increase of \$371,364.64. But if we go back and take the five years from 1874 to 1879, we find that the expenditure for militia was about the same as it has been from 1879 to 1884—that is for the five years from 1874 to 1879. The whole expenditure for militia and defence varied very little from the expenditure that took place for the five years 1879 to 1884, though there is a considerable difference in the expenditure of 1877-78 and that of 1883-84. But we know perfectly well that notwithstanding that over the five years there has been an average about the same, yet in 1884, we had four new organisations, consisting of three infantry schools and one cavalry school—one in the Maritime Provinces, one in the Province of Quebec, one in Ontario, one in British Columbia and a troop, I think, in the Province of Quebec. These additional organisations were established last year. I think, Mr. Speaker, that on this question, perhaps, there may naturally be in the House some little difference of opinion with reference to the expenditure under the head of militia. But I recollect perfectly, though then not a member of the Parliament of Canada, that engagements were entered into by gentlemen belonging to both parties, with the Imperial Government, when in England, for an expenditure of \$1,000,000 a year for the defence of the country. I think such an arrangement was entered into before the Union took place. At all events, I think under existing circumstances, there will be very little objection to this increase. When the establishment of those four organisations is considered, this expenditure is not in excess of the five years previous; and I think it will not be considered a useless expenditure, but by a large portion of the members of this House and the people of Canada will be regarded as a wise and judicious protection of the country. The next item of expenditure is under the head of Fisheries. In 1877-78 \$93,262.28 were expended, and in 1883-84 \$286,700.14, making an increase of \$193,437.86. I need not explain to the House that this increase is the result of its action in giving the fishermen of Canada a bounty, which has had the most beneficial results, so far as the production of our fisheries is concerned. I think there were no objections offered to that proposition even on the opposite side of the House. The only anxiety hon. gentlemen opposite manifested, if my memory serves me, was that it should be simply a vote of Parliament for \$150,000

a year, but that it should be embodied in a Bill so that it might be made permanent. Therefore, under these circumstances, I think no hon. gentleman on the other side will raise any objection to this increase of expenditure. Then we come to the expenditure on account of Indians. In 1877-78 it was \$421,503.66, and in 1883-84, it was \$1,116,153.87, an increase of \$694,650.21. I may remark that in 1877-78 all the Indian treaties that had been entered into just before were not so far completed that all the Indians received in that year the sum provided for them under the treaty arrangements; and therefore a considerable proportion of the \$694,000 is the result of treaties that were entered into previous to 1878. We had hoped in the present year to have had a decrease in that expenditure; but, unfortunately, owing to circumstances over which neither this Parliament nor the Government have any control—owing to the fact that the buffalo has ceased to make its appearance in the North-West Territories—it has been found expedient, in the interests of the country, during the last two or three years that these unfortunate Indians, instead of being left to starve or to imperil the property or the lives of the white men in that country, should, at all events for a time, until educated to farm or to provide for themselves, be maintained at the public expense rather than bring upon that country any such disaster as would follow from their being allowed to fall into a starving condition. Therefore, much as the Government and the House may regret that we have not been able yet to bring about a decrease of that expenditure, it is hoped ere long that that amount will be reduced. The next item, Sir, is the mounted police. The expenditure has increased from \$345,958.68 in 1877-78 to \$485,983.66 in 1883-84, or an increase of \$140,024.98. This increase is due to the necessity of an increase of the force. I may say here that, taking the force that was in Manitoba from 1874 to 1878, and the mounted police together, the expenditure during the last five years on the mounted police has been equivalent to the expenditure for the force that was in Manitoba and for the Mounted Police. But this increase of \$140,000 was considered necessary by the House. Last year Parliament voted the sum of money for this increase, for various reasons which were then presented by the First Minister. The next item is Subsidies to Provinces, which have increased \$130,906.51. This has been caused mainly by the concessions that were made to Manitoba from time to time from 1879 down to 1884. The next item is Legislation, in which there is an increase of \$44,731.85. This is the result of increased cost of the publication of *Hansard* and of the increased number of members of Parliament under the census of 1881. Then the Lighthouse and Coast Service has increased from \$461,967.71 to \$520,524.38; an increase of \$58,556.67. Now, Sir, I think there is perhaps scarcely any expenditure made by the Dominion of Canada from year to year, of something like \$40,000 a year in the first place for the construction of lighthouses, then perhaps \$10,000 a year or nearly that for their maintenance, that is more in the interest of the country than that expenditure. We know that in 1867, when this Dominion was organised, the lighthouse service was very inferior to what it is to-day, and we know perfectly well that during the early administration of the Department that had charge of this expenditure, very large appropriations were made, and the result has been, as every man connected with trade and commerce knows, to cheapen the rate of insurance on vessels coming into the country, to diminish the risk of the life of the mariner, and to reduce the rate of freights on imports coming into the country, as well as the rate of freights and expenditure on products going out of the country, and this has been a direct benefit to the whole country much greater indeed than any additional expenditure that it was found necessary to make for that great and important interest. The expenditure for the

maintenance of the lights—because the increase is largely due to that—is one which I am satisfied will be justified by Parliament and by the people of Canada. The next item is Civil Government, and I take the expenditure of 1877-78, because it was lowest in that year; I take the most favorable year for hon. gentlemen opposite, because I do not wish them to say during this discussion: You have selected the highest year of our expenditure. I desire to stand upon firmer ground than that, and am willing to give them the benefit of the lowest expenditure for the purpose of making the comparison to which I now call the attention of the House. While the expenditure of civil government for 1877-78 was \$223,869, last year it was \$1,084,417, or an increase of \$261,047—

Mr. CASGRAIN. Hear, hear.

Sir LEONARD TILLEY. The hon. gentleman says, hear, hear. I do not wonder at it, because hon. gentlemen opposite have made this one of the great charges against the Administration throughout the length and breadth of the country, to prove the extravagance of this Administration. Now I desire to call the attention of the House to the circumstances that have led to this increase of \$261,000 in six years. One of the difficulties that every Government must experience in preparing the Civil Service estimate, is the increase that is inevitable under the provision of the Civil Service Act, by which a very large proportion of the employes receive each a yearly increase of \$50. This increase for the last six years is estimated as follows: It is estimated that 420 of the Civil Service employes have received an increase of \$50 a year, and each year since 1877-78, that is during six years, or a total increase of salary to each employe of \$300. That amount for 420 civil servants gives \$127,000 of an increase. Then we have had transferred to the Civil Service account the expenditure on the Geological Survey, the cost of the employes in that branch of the public service. These officers were formerly paid by a vote of the House, which did not appear under the head of Civil Service appropriation, but last year and the year before this vote was transferred to the Civil Service, and the amount of their salaries, \$36,000, is added to the expenditure, making, not an increased expenditure, but a simple transfer from one account to another. As it appears now under the head of Civil Service expenditure, it increases that vote to the extent of \$36,000. Then, there is the High Commissioner's salary and contingencies \$14,000. Well, our friends opposite had not a High Commissioner, but they had a gentleman for a time in London, an Agent-General with a liberal salary; and I may say with reference to the services rendered by the High Commissioner that the very fact of sending him to London, apart from the other services he has rendered, has placed the Government in a better position towards their financial agents. It was intended at the time that he should be our financial agent, but it was found impracticable to carry that intention out. The very fact, however, of such intention being made known, led to a reduction in the charges of our financial agents and the saving of a sum of money annually greater than that which the High Commissioner's office has cost us. I venture to say that hon. gentlemen opposite, should they, at a future day, have the responsibility of office thrown upon them, will find that the services of this gentleman, or if not of the present incumbent, the services of one of their own friends acting in a similar capacity, would be found of so much value to them and so much in the public interest of the Dominion that, object as they may to the expenditure now, I doubt if they will ever repeal that arrangement or discontinue the office. At all events, that adds \$14,000 to the civil list. Then there is the Board of Examiners who last year were paid \$4,661, another addition to the Civil Service vote. This leaves about \$80,000 to be accounted for, and it may be accounted

Sir LEONARD TILLEY.

for in this way: \$80,000 is the increase from 1877-78 to 1884, on new employes. I heard the other night the remark made that the number of employes in the Civil Service had been about doubled. Well, Sir, that is not the case. If we take the number of permanent employes of 1877-78 and the extra men paid by the day, and the number of employes in the Civil Service in 1884, and the extra men, we will find that the increase is just 119, or twenty men a year, on an average, added to the service during the last six years. Now, I desire to lay before the House the circumstances which, in my judgment, warrant that increase. Take, in the first place, the Department of Public Works. The expenditure under that Department last year, as I have said, was three times as great as it was in 1877-78. This House will quite understand that it is impossible to carry out an expenditure of \$3,000,000 at the same cost as you would an expenditure of a million dollars. That is quite clear. Then we come to railways and canals. The expenditure in that branch has increased. It will be quite understood by this House, when we take into consideration the increased mileage of railways that are being worked by the Government, when we take into account the large expenditure since 1879 on contracts from the head of Lake Superior to Winnipeg and in British Columbia, when we take into account the supervision which is necessary to be exercised in the construction of the easterly portion under contract by the Canadian Pacific Railway Company, when we consider the increase of business as compared with 1877-78, this House will agree with me that these circumstances warrant the increase in cost of this Department during the last five years. Then we come to the Department of the Interior. I called attention a few moments ago to the fact that the Department of the Interior had to deal with a territory nearly as large as the whole of Europe; three-fourths as large at all events; that in the last four years the Minister of that Department has sold and received money for sales made to the amount of \$4,000,000, that he has had necessarily to superintend the surveying and all the arrangements necessary for the settlement and selling of this enormous territory, so that it cannot be expected that the expenditure would be anything like what it was five years ago, when only \$90,000 was received for sales of land, when that country was not penetrated by railways, and there was little or no expenditure necessary. Then we come to the Post Office Department. There has been a very large additional number of employes engaged in the Post Office Department. When we look at the facts, I think it will be admitted that the increased number of employes is warranted. What were the duties performed in 1884 as compared with 1878? In 1878 we had arrangements made for the sale of money orders only with Great Britain, the United States, and Newfoundland. Since that period that privilege has been extended to sixty countries in addition to these—extended, I may say, to the whole civilised world. Money orders can now be had from the Postal Department to almost any part of the civilised world. That could not be done without increasing the expenditure; but, on the other hand, let me say to this House that the increased expenditure has been largely met by the charges made for these money orders. Therefore, if while this extension has increased the expenditure of the Department and the number of employes, it has given in return to the revenue, no doubt, a sum quite equal to the expenditure for those additional employes. In addition to that, we find that the number of open accounts in the Post Office Savings Banks in July, 1878, was 25,535, and in 1884, 66,682, showing an increase during the five years of 41,147. We know perfectly well that this increase in the number of accounts involved an enormous amount of labor. If any one goes to the Post Office here and deposits \$10 or \$20, under the provisions in regard to the postal savings banks, that money is transmitted to the general office, and the general office has to send to the man who makes the

deposit an acknowledgment of the receipt in each case. That is the protection of the Department and depositor, as the depositor is told that, unless he receives a notice from the Department that the money is to his credit he must at once make enquiry with regard to it. But every one of these deposits, even if it be only of \$1, requires an acknowledgment, and entered by a person in the Department here; so that, when that is extended to 41,147 additional accounts all over the Dominion of Canada, you will see how great must be the increase of work in the Department under such circumstances. And that is apart from the general extension of the business of the Department outside of these two particular accounts to which I have referred, and warrants us in coming to the conclusion that, with an increase of sixty-three countries outside of those named in 1878-79, there must necessarily be an increased expenditure in the Department, but for that expenditure there is an equivalent return. The next Department is the Finance Department. The additional work that is thrown upon that Department is mainly through the Savings' Banks. The deposits, as the House is aware, have largely increased. The number of open accounts in 1878 was 19,922, and, in 1884, 43,406, making an increase of open accounts of 23,484. These accounts all require to be checked here, the parties having deposits are notified by the Department, and a large amount of increased work is involved, though, perhaps, the increases are not so great as in some other Department.

Sir RICHARD CARTWRIGHT. I do not want to interrupt you unnecessarily, but are these separate accounts, separate depositors?

Sir LEONARD TILLEY. Yes, they are separate accounts.

Sir RICHARD CARTWRIGHT. I beg pardon, but I dare say it will not embarrass you. Does each separate account mean a separate depositor?

Sir LEONARD TILLEY. No, not in the Savings Banks, but it does in the Post Office. In the Post Office, notice is given of each deposit, it is not so with the Government Savings Bank. It is an increase in the number of accounts, but does not involve the same amount of increased work as in the Postal Department. The next is the Militia Department. As I stated before, the establishment of the additional schools must necessarily lead to some extent to an increase of expenditure, but the increase of expenditure in that Department is not larger than would reasonably be expected from the increased force and the additional schools and organisations that have been established. The Audit Department, as hon. gentlemen know, is a separate and distinct department, which is now necessarily more expensive than before, because it is much more efficient in its operation, and, although it requires a certain additional number of clerks, not much increase has been made in the last four or five years. Still, as the business of the country increases, some increase has been necessary there. In the Customs Department, the increased revenue collected, the increased number of ports, the extension of the Customs Department to Manitoba and the North-West Territories, the increased vigilance required under the Act of 1879, which has thrown very considerable additional work upon that Department, would naturally lead to some increase in the expenditure there. In the Indian Department, there is the Mounted Police, and there is an increased expenditure for the Indians, which would account for the increased expenditure there. In the Inland Revenue Department, an additional expenditure has been necessary owing to the passage of the License Act, which threw upon that Department some additional expenditure last year. In the Department of Agriculture, I desire to call the attention of the House to the increase of that Department since 1878,

and I think the hon. members will be fully satisfied that that Department is justified in asking the additional expenditure which is proposed.

Mr. POPE. It is a model Department.

Sir LEONARD TILLEY. It is a model Department I know. When we consider the additional work that has been performed in that Department in the last three or four years in connection with immigration, we can see that it would warrant some increase in the expenditure; but there is a portion of its business to which I wish particularly to call the attention of the House, which would warrant to the fullest extent the additional amount expended in that Department since 1878. In 1878, the number of patents issued was 1,172, and the revenue received from the Patent Office was \$33,663. In 1884, 2,456 patents were issued, with a revenue of \$69,530. This gives some idea of the increased work thrown upon that Department in that particular branch, and it must be borne in mind that the salaries of the increased number of employés there have been paid fourfold by the additional fees received from the increased number of patents granted, an increase of \$36,000 since 1877-78. Then there is the Department of Justice, in which there is, necessarily, an increased amount of work, from the increased population of the country, which leads to an increased number of convicts. The Departments of the Secretary of State and the Privy Council depend, as far as their work is concerned, largely upon the development of the country from the increase of the population, from the settlement of the North-West, and from the various questions and orders that reach the Council, and the correspondence that passes through the Secretary of State. Every hon. member will understand that an increased population means, to these Departments, an increased business, an increased number of documents which pass through them and which must necessarily increase the expenditure. Taking these facts into account, the increase of \$80,000, or of twenty men per year from 1878 to 1884, is, I think, sufficiently justified, and so there is a justification for the employment of these 119 men in addition to those employed either temporarily or permanently in 1877-78. Now, Sir, I have gone over the items of the increases to make up the expenditure of \$7,500,000 in 1884 over the expenditure of 1877-78. Many of these, as I have shown, do not cause an increase of taxation, but, on the contrary, have caused increased revenue, and, therefore, we should confine our consideration to these expenditures for which there is no money return; they are limited in character, and if they are limited in character it is found that the advantages the country derived from these expenditures is an equivalent, and more than an equivalent, for the expenditures that have been made. Under these circumstances I wish it to be understood that when hon. members opposite make the statement that the extravagance of the Government must be judged by its increased expenditure of \$7,500,000 in six years, we have a good and sufficient answer to give, and that is that that sum, during those five years, has not necessarily resulted in increased taxation to the people. Now I proceed to establish that fact. From 1874 to 1879 the necessary taxation of the people of Canada, based upon the average population between those periods, had the Government of the day collected the money necessary to pay the expenditure, would have been, as I have stated before, \$4.88 per head of the population. When I state here—and I have the data to prove it—that from 1879 to 1884 the necessary taxation per head of the population to meet the expenditure, was less than \$4.88 per head, by 10 cents per head—when I make that statement, it is, if I can prove it, the answer to the assertion I have just made that this expenditure of \$7,500,000 does not and has not led necessarily to the increased taxation. I have made this statement before, and I think it is necessary to give the data upon

which it is made, because an hon. member of this House has, within the last two or three months, made an alarming statement that has gone, not alone through Canada, but the world over, I may say, to show that the taxation of the people of Canada is now nearly double that of the United States, and that it is increasing at such a ratio that before long it will be equal to that of the most highly taxed nations of the world. Now, Sir, I think it is necessary, under these circumstances, that we should here, rather than in any other place, give the answer to that statement and relieve the anxieties of the people which must naturally result from such a statement as this going over the length and breadth of the country. Sir, I am about to establish the statement I made as to the necessary taxation from 1874 to 1879, and the necessary taxation from 1879 to 1884. The Customs, Excise, and stamp dues collected from the 1st July, 1874, to the 1st July, 1879, were \$93,295,770.34. The deficit during that period was \$4,818,789, making a taxation necessary, if the revenue had been collected sufficient to pay that expenditure of \$98,114,559.34, or on an estimated average population during that period of 4,021,000, or \$4.88 per head. I may state that the deficit was caused in this way: The total receipts during those five years were \$114,860,495; the total expenditure during that period was \$119,679,284, which represents the deficit I have named. Now, then, we come to the years from 1879 to 1884. Received from Customs, Excise and Stamps, from 1st July, 1879, to 1st July, 1884, \$124,723,659.84. The surplus during those five years was \$20,429,725, made up in this way: Total receipts during the period named, \$157,687,879; total expenditure during the same period, \$137,258,154. If you deduct the \$20,000,000 surplus from the receipts, the necessary taxation—the hon. member (Sir Richard Cartwright) laughs, I will give him a statement that will require more than a laugh to answer. The necessary taxation for that period was \$104,293,934.84, on an average population of 4,364,800, or \$4.78½ per head, against \$4.88 per head.

Sir RICHARD CARTWRIGHT. Hear, hear.

Sir LEONARD TILLEY. The hon. member laughs. What was done with that \$20,000,000?

Sir RICHARD CARTWRIGHT. Wasted on the Canadian Pacific Railway.

Sir LEONARD TILLEY. No, Mr. Speaker, not wasted on the Canadian Pacific Railway, or on any other railway. I will tell you what effect that surplus of \$20,000,000 had. Let us see what the net interest of the Dominion of Canada was in 1874 when these gentlemen came into power. The net interest paid in 1873-74 was \$5,113,573.31, on an estimated population of 3,873,920, or \$1.32 per head. The net interest paid in 1878-79 was \$6,456,383.51, an increase in the net interest of \$1,342,810.20 in five years, or \$1.54½ per head, or an increase of 22½ cents per head in five years, on an estimated population of 4,178,890. Then, as the result of that surplus, as the result of the improved credit of the country, as the result of the redemption of maturing liabilities bearing 5 and 6 per cent., the net interest paid in 1883-84 was \$6,713,482.24 on an estimated population of 4,600,000, or \$1.46 per head, or 8½ cents per head less than was paid in 1878-79. That is one of the effects of the surplus of \$20,000,000, and that, Sir, while they expended \$33,000,000 or \$34,000,000 during the five years that they were in office, chargeable to capital. These are the results so far as the taxation per head is concerned, after we have spent in the five years to which I refer \$65,000,000 in the construction of the Pacific Railway, in the completion of the Intercolonial Railway, in the deepening and enlarging of our canals. The result is that the interest paid during the last year was 8½ cents per head less than it was when we came into power in 1878-79.

Sir LEONARD TILLEY.

I think I hear the hon. gentleman opposite saying, as was said by the hon. gentleman who sits on his right: What about the capital account? You have not taken into account \$1,800,000 that is charged to capital for surveys of the lands, which outlay hon. gentlemen opposite charged to capital when they were in office. I think I hear the hon. gentleman say that in answer to my declaration. I admit that I have not in this statement taken that into account, but if that had been taken into the calculation the taxation per head of the population would have been still less than \$4.88. I, therefore, think that so far as the past five years are concerned, though we expended in 1883-84 \$7,500,000 more in the development of the country and in the carrying out of great public works than hon. gentlemen opposite did, yet the necessary taxation of the people has been less during those five years than during the time hon. gentlemen opposite were in office. That is a sufficient answer to the country as to the increased taxation and as to the alleged extravagance of this Government.

Mr. MACKENZIE. Hear, hear.

Sir LEONARD TILLEY. That is feeble, but I am glad to have it from the hon. gentleman. I wish it were stronger for his sake and for mine also.

Mr. MILLS. Especially for your sake.

Sir LEONARD TILLEY. I must say that I have always found the hon. member (Mr. Mackenzie) an opponent just as difficult to meet as could be found on that side of the House. I appreciate his ability, and I regret that the state of his health is such as prevents the hon. member taking as active and vigorous a part in the discussions of Parliament as he did formerly. I would now like, as we have had experience of the National Policy developed outside of Parliament and in Parliament by the trade returns, to discuss that question from a five years' standpoint. We have for years taken up the results of the policy, its effect upon trade, the development of our manufactures, and we have compared the results year by year; but it will be profitable, I think now, having before us the returns of the five years with respect to its known effects upon trade, and with respect to its general influence on the country, to spend a little time in taking a review of its operations for that period. We know that in 1879 various objections were urged by hon. gentlemen opposite to the resolutions that were submitted to Parliament defining and declaring the policy of the Government on the trade question. One of the objections that was raised—I think it was put forward by the hon. member who passed a word across the House a few moments ago—was that the imposition of a duty on breadstuffs would interfere materially with the foreign export trade we had enjoyed down to that time. He went into a very elaborate calculation, as to what would be the direct results under the operation of this tariff, consequent upon forcing the trade through the United States ports instead of bringing it through our canals or over our railways, as heretofore, giving employment to the people of Canada. No doubt there were grave doubts at that time as to the effect that would be produced by the imposition of a duty upon foreign breadstuffs, because it would subject exporters to transmit their goods in bond at some little trouble, and perhaps at some expense; and it was contended by hon. gentlemen opposite, that these circumstances would drive the trade into channels other than the St. Lawrence. I have, from year to year, been able to make a statement, showing that the fears expressed by hon. gentlemen at that time were, so far as our experience then went, without foundation, and I think the experience of the last five years goes to show that their fears were groundless. For instance, I find as follows:—

Value of exports foreign goods from 1st July, 1878, to 1st July, 1884.....	\$53,384,455
Value of exports foreign goods from 1st July, 1874, to 1st July, 1879.....	41,003,910
Increase.....	\$12,380,545

That will be a sufficient answer to hon. gentlemen who entertained fears upon this subject at that time for shipment, instead of sending them by the St. Lawrence and by the winter ports of the Maritime Provinces. Again, it was said when those resolutions were introduced that they were unpatriotic, that their effect would be to diminish trade with the mother country and increase our trade with the United States. That was the statement made by hon. gentlemen opposite, and we were told we were unpatriotic, that we were really assisting our American neighbors rather than the country to which we owe allegiance, and the country to which our sympathies naturally lean. Here are the facts with respect to that matter :

Value of goods imported from Great Britain for five years, from 1st July, 1879, to 1st July, 1884.....	\$224,112,853
Value of goods imported from Great Britain for five years, from 1st July, 1874, to 1st July, 1879.....	209,077,876
Increase.....	\$ 15,034,977
Value of goods imported from the United States for five years, from 1st July, 1879, to 1st July, 1884.....	\$220,865,271
Value of goods imported from the United States for five years, from 1st July, 1874, to 1st July, 1879.....	240,559,480
Decrease.....	\$ 19,694,209

I think that may be considered as a sufficient answer to the fears expressed as to the effect of that policy on trade between Canada and Great Britain, and trade between Canada and the United States. Then it was asserted that under the policy of 1879 the duties would be increased on British goods to a greater extent than on United States products. Let us see what the results are for the five years to which I refer, as shown in the Trade and Navigation Returns :

Percentage paid on imports from Great Britain from 1874 to 1879.....	16	per cent.
Percentage paid on imports from Great Britain from 1879 to July 1st, 1884...	19 ³⁷ / ₁₀₀	"
Increase.....	3 ³⁷ / ₁₀₀	"
Percentage paid on goods imported for consumption from the United States, from 1874 to 1879.....	9 ⁴⁵ / ₁₀₀	"
Percentage on goods imported for consumption from the United States, from 1879 to 1884.....	14 ⁸⁶ / ₁₀₀	"
Increase.....	5 ⁴¹ / ₁₀₀	"

That is the answer to the fears expressed by the hon. gentlemen opposite, that the tariff then about to go into operation would work adversely to Great Britain and in favor of the United States. The question of the balance of trade has been referred to frequently, and on several occasions by the leader of the Opposition, who has quoted statements made by me, I think in 1879 or 1880, when the imports and exports had approached an equality, and in one year, I think, the exports were a little in excess. For the subsequent years the imports were in excess, and I expressed at that time my satisfaction that the imports and the exports assimilated more nearly than they had done for many years previous. The leader of the Opposition said that it was my desire that the imports should go on decreasing until we would have a perfect balance of trade, as we had in 1879-80 or 1880-81. Now what are the facts? The facts are that during the last two years the importation has been exceptionally large. First, the imports for the Canadian Pacific Railway—imports of rails, rolling stock, and other articles brought into the country, added to the imports of the last year, and to a

considerable extent to those of the previous year. Then the general prosperity led to larger imports and larger consumption. But I give the following facts to show that the National Policy has had the practical effect of keeping the difference between imports and exports in a much more favorable condition than it would have been but for the National Policy :

The imports from July 1st, 1874, to July 1st, 1879, were	\$490,654,805
Exports for same period.....	385,543,729
Excess of imports over exports.....	\$105,111,076
The imports from July 1st, 1879, to July 1st, 1884, were	\$559,891,152
Exports for same period.....	477,831,784
Excess of imports over exports.....	\$82,059,368

In addition I may state that there was a large increase in the trade of the Dominion in the last five years. The increased production of our manufactures, as shown by the returns submitted to the Government, and laid on the Table of the House—and I am sorry they are not printed, but hon. gentlemen will have ample time to examine them before this discussion closes—must have diminished the value of the imports of manufactured goods for the five years to the extent of \$100,000,000. When I say that the increased labor paid during the last year to the men and women employed in the manufactures of the country was \$15,000,000 alone, you may fairly infer that for interest, on the outlay on buildings and the profits to the manufacturers it would reach an average of \$20,000,000, or for the five years \$100,000,000. The imports have been necessarily decreased by the operation of this policy, and the balance of trade would have been that much larger against us had not these factories been built and these industries established in the country; and the consequences would have been, I think, unfortunate if such had been the condition of things. So much for the question of the balance of trade. I do not desire to see the consumption of the people diminished; but what the Government prefer is that while they desire to see the consumption of the people increased, they prefer rather to see them consuming articles produced and manufactured in the country, by the labor of the country, than that they should be imported from outside and involve the necessity of sending the money out of the country to pay for them. Now I desire to give some further evidence with reference to the success of this policy in increasing the industries of this country. There is nothing, perhaps, that can mark more clearly the increase of these industries than the increased demand for machinery. It is known perfectly well by every man who is engaged in the manufacture of machinery, that the orders he has received and executed since 1879 have been largely in excess of his orders from 1874 to 1879. You will find, perhaps, that leading men who are not members of Parliament, who are advocating this policy, and are the most effective speakers in its favor, are the men who speak of their own industry, who go to the country and tell the people what benefits they have received from this policy, in the increased demand for their machinery. I may, perhaps, point to a man whom my hon. predecessor met recently, and who, speaking from his own experience, spoke so effectively that he carried the people with him, because he was able to show that the increased demand for his products and the increased employment given to mechanics were the result of the National Policy. In addition to the increased demand at home, we find that the machinery imported from 1874 to 1879 was \$3,100,018 in value, while the value of that imported from 1879 to 1884 was \$8,597,300. I think this is an indication that some new life or vitality was given to industries requiring this increased amount of machinery. Then take the article of raw hides in order to show the development of leather manufacture. We find

that the raw hides imported from 1874 to 1879 were valued at \$6,419,294, and from 1879 to 1884, \$9,517,744. This is some evidence of the increased demand for hides for the manufacture of leather, and the manufacture of boots and shoes and other articles made from leather. We come next to coal. The amount of coal entered for consumption from 1874 to 1879 was 4,230,984 tons, and from 1879 to 1884, 7,085,985 tons. The output of coal in 1878 was 650,000 tons; the output in 1884 was 1,550,500 tons, or 900,000 tons more than it was in 1878. Hon. members who were here in 1879 will recollect that I estimated—and I thought it was a liberal estimate—that in four years the output of coal in the Dominion of Canada would be increased 400,000 tons, and now, in a little over five years the increase has reached 900,000 tons, or 3,000 tons for every working day of the year 1884. I think some hon. gentlemen opposite will say: Well, if you have increased the imports of coal 3,000,000 tons, you have taxed the people 50 or 60 cents a ton on that increased import of coal. Well, I admit it. I will not undertake to prove—though it might be proved to some extent—that in some cases the duty is paid by the party selling the coal; I am not going to take any doubtful ground. I will admit for argument's sake, that the people pay every cent of that duty. But what does it enable us to do? It has enabled us—because the duty is just about the same—to take the duty off tea and coffee and place it on coal, which gives us an industry that has increased its output 900,000 tons in 1884 over 1878. Were that duty taken off coal to-morrow, the Government would have to come to Parliament and ask them to impose a duty on tea and coffee instead. Now, Sir, the next question is the question of sugar. That is a question which was pretty fully debated here. Very strong language was used by hon. gentlemen opposite with reference to the effect of our policy upon sugar. It was stated that we were enriching the sugar refiner and taxing the consumer. I should not at all wonder if we should now have from the same gentlemen the declaration that our policy has ruined the refiner, while, perhaps, they may not admit that it has benefited the consumer. The change in the duty on sugar has had this effect: It has restored to Canada an industry she had lost; it has led to the erection of two or three new refineries in addition to the old, giving employment to a large number of hands. I am not quite sure we have not one refinery too many; but if they are not making as much money at present as they did in former years will it not be right for hon. gentlemen opposite to take into account the large profits said to have been made in 1879 and 1880, to counterbalance the small profits at the present time, and average the return which the investor had from this industry? I think that would be reasonable.

Some hon. MEMBERS. Hear, hear.

Mr. PATERSON (Brant). Only the men who made the money then won't divide with the others now.

Sir LEONARD TILLEY. Not at all. But, Mr. Speaker, I am now combatting the argument that may be raised by-and-by, and I am calling the attention of the House to the fact that when this question of sugar was under discussion, it was charged that our policy was to enrich the rich and to impoverish the poor; and now we are to hear that these gentlemen are engaged in an enterprise in which they lost money last year, not from the effect of the policy, but from the downward tendency of the price of sugar during the last twelve months. Hon. gentlemen say, hear, hear, to my statement; but let me call their attention to the fact that the argument that applies to sugar will apply to cotton and other industries. If, as hon. gentlemen said, these industries were yielding large profits then, and if they are making small profits now, if the inference from their statement is that we have induced men to engage in enterprises that have not paid, they should take into account the profits

Sir LEONARD TILLEY.

they had in the first years, and make an average by a comparison with the less profits that they have had since. That is my answer to that line of argument. With regard to sugar, the question is, has it cost the people any more than it did before? Never before in the history of the country was the price of sugar so low as it is to-day; and I will say, never before was sugar so good either. I admit that that is not a sufficient answer to the statement of hon. gentlemen opposite, that the cost was increased to the consumer, because the price of raw sugar has been lower than it was; but when we take into account the cost of yellow and refined sugar during the past five years, I believe you will find that the consumer has had his sugar as cheap as he would have had if he had imported it from the United States and England, under the tariff which prevailed in 1877 and 1878. What has our policy done more than that? In 1878 only 6 per cent. of the sugar consumed in the Dominion of Canada came direct from the country of its production; last year 89 per cent. came from the country of its production, and only 11 per cent. from Great Britain and the United States. That is my answer to the statement of the hon. gentleman who said that the duty on sugar meant a great loss of revenue, and an increased cost to the consumer. The revenue received during the last year on account of the increased quantity of raw sugar imported, although the value was low, was greater than the revenue of years previous. All this shows that we have not only obtained the usual revenue from sugar, but that we have given employment to a large number of people. We have restored to Canada an important industry. Our trade with the West Indies has increased by 40 or 50 per cent., and our policy with regard to sugar has been eminently beneficial to the whole Dominion of Canada. Well, Sir, the next industry I come to is the cotton industry. We recollect the statements made by hon. gentlemen opposite about the cotton lords. The sugar refiners, the cotton lords and the woollen manufacturers were the favorites; and their industries were the three pet industries of the Government.

Mr. BLAKE. Do not leave out the iron.

Sir LEONARD TILLEY. We did not do much for the iron industry until 1881.

Mr. BLAKE. You gave it a bounty.

Sir LEONARD TILLEY. I am now referring to the statements made in 1879. I admit that we did do something for the iron industry; and if \$1.50 a ton, to be, after a certain period, reduced to \$1 a ton, should be found necessary to more fully develop this industry, I have no doubt that the protection of \$1.50 will be extended to it. Coming back to the cotton industry. Hon. gentlemen opposite objected to this policy on the ground that the men engaged in that industry would make fortunes out of it, while the poor man would be forced to pay higher prices. I should not wonder if we were to hear the same hon. gentlemen now say that the poor unfortunate men who invested money in the cotton mills of the country are suffering badly. Well, I can say, so far as the consumer is concerned, that he is not suffering. There was great solicitude felt by hon. gentlemen opposite for the poor man and I remember that that solicitude extended to the leader of the Opposition. In his speeches here and elsewhere he dwelt upon the great tax the poor man would be subjected to by requiring seven yards for a certain garment.

Mr. BLAKE. No.

Sir LEONARD TILLEY. Well, nine yards, perhaps. Whether it was seven or nine, I know he was extremely solicitous about the consumer of cotton. I have had placed in my hands the prices current on the 31st of January, 1885, taken from the New York *Economist*, giving

a comparison of the prices of cotton at New York and in Canada:

	American.		Canadian.
	in., 6 cts. per yd.		in., 5½ cts. per yd.
Whitemisville.....	33	“	33
Pelham	35½	“	36
Heron	35½	“	36
Whitemisville.....	35½	“	36
Dwight Anch'r.....	36	“	36
Langdon, G. B.....	36	“	36

If these figures are reliable, and they have been given to me by a gentleman upon whose veracity I can rely—they are copied them from the *Economist*—they show clearly, as far as the consumer is concerned, that he is having his cotton at less or about the price at which the consumer in the United States can purchase similar goods. I refer, of course, to the retail purchaser. With reference to the manufacturers, it will be said that under this policy, capitalists were induced to extend this industry far beyond what circumstances have shown was justifiable; but the difficulty that has arisen is due to a very great extent to the fact that the manufacturers confined themselves, for a year or two, to one or two classes of goods. The result has been they overstocked the market, and for the last six months or so, they have been quietly discussing what arrangements they can make, by varying the character of their manufactures, which will enable them to obtain a living profit on their investments. I recollect hon. gentlemen opposite rising, three or four years ago, and stating that the dividend declared by one of these companies was something like 40 per cent. If statements of that kind were correct, the manufacturers probably invested those large profits and incurred far greater liabilities in extending their operations, with the result that, owing to those operations being exceedingly limited as regards variety in the goods manufactured, they created so sharp a competition among themselves that they are compelled to reduce the prices to the consumer to a figure as low or lower than the prices in the United States. Hon. gentlemen opposite will say: "Oh, very soon they will remedy that," for they are meeting together and are endeavoring to make such arrangements as will enable them to increase the price and have a living profit. I doubt if there is a single gentleman in the House, at all events a single member who believes in the National Policy, who desires that the men who have invested their capital in that industry should not receive a fair return, for the capital they have invested. And this the manufacturers can do because the number of spindles in operation in Canada is not equal considering population, to the number in operation in the United States; and the fair inference is that the moment the Canadian manufacturers have so arranged as to increase the variety of their goods, they will obtain a fair profit on them and the consumers will not have to pay an additional sum for the goods, not as much as they would pay on imported goods under the tariff of 1878. To show what an impetus has been given to this trade since 1879, I will quote from the Trade Returns giving, the imports of raw cotton for the five years from 1874 to 1879, and compare them with the imports during the five years from 1879 to 1884. From 1874 to 1879, the imports of raw cotton amounted to 31,847,880 lbs.; from 1879 to 1884 they amounted to 94,038,219 lbs., and their value increased from \$3,563,185 to \$10,531,532. This, I think, will show that an impetus has been given to this industry, that there has been a large amount of cotton manufactured in the Dominion, that it has been purchased by the Canadian consumer at a very low rate, and that, considering the number of spindles that are now in Canada and the demand that must exist for these goods, the day is not far distant when all these manufactories will be profitably employed. Subsequent to 1879, the Government came down and asked for an increased duty upon agricultural implements, and that was one of the grievances that has been magnified. It has been for a

year or so presented, especially to the people of Manitoba and the North-West, by our opponents and used by them to create a feeling averse to the National Policy and the action of the Government in that matter. I may state now what I stated. When, on behalf of the Government, I asked that the duty should be increased to 35 per cent., that I had the assurance of the manufacturers of the Dominion that the increased duty would not increase the cost to the consumer. If that assurance had not been carried out, the Government would have felt themselves perfectly free to say to these manufacturers: your assurance has not been carried out, the cost has not been kept where it was, but has been increased to the people of Canada, or to that portion of Canada specially affected, and we will repeal that resolution increasing the duty from 25 to 35 per cent. I think that I am in a position to say that the manufacturers of Canada have carried out their engagement, that the various articles of agricultural implements will be sold this year in Manitoba and the North-West as low, many of them, as they can be purchased in Dakota.

An hon. MEMBER. Lower.

Sir LEONARD TILLEY. All of them as low as, and some lower, than the prices at which they can be bought in Dakota or Minneapolis, including the expenses of carrying them from those places. I have here the comparative prices of agricultural implements at Winnipeg, for several years past:

	1881-2	1883	1884	1885
Self-binders.....	\$340	\$330	\$300 to \$275	\$225 to \$249
Mowing machines....	95	90	85	72 to 77
Seeders	90	85	80	72
Sulky ploughs.....	...	80	75	65
Gang ploughs.....	...	130	110	100
Farm waggons.....	95	85	65 to 75	75

Let us compare these prices with the prices in Dakota and Minnesota:

	Larimore, D.T.	Fargo, D.T.	Minneapolis, D.T.	Columbus, D.T.	Winnipeg, D.T.
Self-binder, 6 ft cut.....	\$225 to \$250	\$210	*\$210	\$250	\$225 to \$240
Mowing machine.....	75 to 80	70	75	80	72 to 77
Farm waggon.....	65 to 75	75	65 to 70	...	70 to 75
Breaking plough, 12 inches.....	22 to 24	26.50	22	24	20 to 21
Sulky plough.....	65 to 75	65	50	55	65
Gang plough.....	110 to 120	100	85	95	100
Seeder.....	55 to 65	75	55 to 60	65	72
Hay rake.....	30 to 35	30	35	35	36

* Retail price to consumer in Minneapolis, \$250.

Now, Sir, as far as the prices of these articles are concerned, the policy resulted in the reduction to the consumer; and I think I may venture to say, with reference to every leading industry in the country, that the productions, whether of agricultural implements, or sugar, or leather manufactures, or cottons, or woollen goods, or the articles which enter into the consumption of everyday life, and especially among the masses of the people, that it cannot be shown that in any case, except perhaps that of coal, where a duty of 60 cents a ton is imposed, there has been an increased cost to the consumer; and in consequence of the competition of the manufacturers, which is very sharp at present, the prices have been in favor of the consumer. And, though the manufacturers are at present under very great disadvantages in consequence of the competition from outside, and are compelled to sell with a very small margin of profit, still this policy has given employment to a vast number of people in the country and has been in the public interest. Before I refer further to that, let me call attention to a few other facts. Take, for instance, the value and the products of fish and their exports. I think I hear hon. gentlemen opposite say: What have you done for the fishing interest? Whether it be the effect of the bounty which has been paid during the last two years or not, we find that there is a considerable increase in the catch of fish, as shown by the following statement:—

Valuē.		Valus.	
1874	\$11,681,886	1879	\$13,529,254
1875	10,447,886	1880	14,499,979
1876	11,116,999	1881	15,817,164
1877	12,005,934	1882	16,824,692
1878	13,215,678	1883	16,958,192
Total	\$58,468,383	Total	\$77,628,679

Then, as far as the exports are concerned, we find the following:—

Fish and Products of Fish Exported.				Fish and Products of Fish Exported.			
Produce of Canada.		Not Produce of Canada.		Produce of Canada.		Not Produce of Canada.	
1874...	\$5,292,368	\$104,359	1879...	\$6,928,871	\$143,332		
1875...	5,380,527	5,232	1880...	6,579,656	73,691		
1876...	5,500,989	232	1881...	6,867,715	31,169		
1877...	5,874,360	.....	1882...	7,682,079	15,529		
1878...	6,853,975	75,391	1883...	8,809,118	47,808		
Total...	\$28,902,219	\$185,214	Total...	\$36,867,439	\$311,529		

With reference to our cattle exports, which, thanks to the great tact and energy of our High Commissioner in England and the policy pursued by the Government, have been secured from the great loss to which the shippers of cattle in the United States have been subjected, we find that the products of that industry sent out of the country from 1874 to 1879 amounted to \$11,417,642, and from 1879 to 1884 to \$41,062,474. Then there is the question of the effect of the general policy upon the development of the industries of the country. I have given some evidence, I think, of the progress of these industries, by the increased demand for machinery in the country, by the greatly increased import of cotton, by the import of hides, by the consumption of coal to drive the machinery of the country, and by various other facts which have been presented here; but there has been laid on the Table of the House, and will be placed in the hands of every member shortly, the result of the enquiries of two gentlemen, who were appointed by the Government, to examine the leading factories of the Dominion of Canada, in order to show their development since 1878. As these papers are not yet in the hands of members, I shall only, at present, just quote generally the results, because, when the discussion goes on further and hon. members have those papers to refer to, it may be interesting and valuable to go more into detail. I will simply give the results of their enquiries for six months in the prominent towns and cities of the Dominion. It is estimated by them that they have visited factories employing about two-thirds of the people who are engaged in the various manufacturing industries, and these are the results:

	No. of Factories.	No. hands employed.	Yearly wages paid.	Products.	Capital invested.
1884.....	2,096	77,346	\$24,398,165	\$102,870,166	\$67,293,373
1878.....	1,501	42,794	13,833,733	49,963,282	37,819,931
Increase in five years....	595	34,552	\$10,564,432	\$52,906,884	\$29,473,442

If we add 50 per cent. to that, supposing their calculation is correct and the results should be found to be the same, it will appear that the adoption of this policy in 1879 has increased the number of factories in Canada by 892, the number hands by 51,828, the yearly wages paid to the people employed by \$15,843,648, the products by \$79,360,126, and the capital invested by \$44,210,163. It does appear to me that, under these circumstances, we have reason to be satisfied with the results of this policy during the first five years of its existence. I have not said anything up to the present moment as to the effect this policy has had upon the credit of the country. I have been in the habit of referring to that in the past, and I desire here, though I shall touch upon that further on, to say that the credit of the country stands better to-day at home and abroad, than it ever did before; and money can be obtained on more favorable terms

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than ever before. Before I refer to the last loan which was made, and to which the late Finance Minister will probably refer, let me say that I have had a table prepared of the price of 4 per cent. securities for various countries in order to compare them with the rates obtainable for Canadian 4 per cents. It is as follows:—

	5 per cent.		4 per cent.	
	When Due.	Rate.	When Due.	Rate.
Canada			1904-1908	105-107
Cape	1900	104-106	1922	89½
Jamaica			1927	99-100
Mauritius			1922	100
Natal			1926	87-88
New South Wales			1903-1910	104½-105½
New Zealand			1929	98-100
South Australia			1929	102-102½
Queensland			1915-1924	100-102½
Tasmania			1908	99½-101½
Victoria			1907	103½
Western Australia			1927	99-101
Austrian				86-87
Belgian				101
Danish				100
Dutch				100-102
French Treasury Bonds				101
Indian				101½-102½
Italian		96½-96¾		
Sardinian		98-100		
Norwegian			1934	101-102
Prussian			After 1885	101½-102½
Russian			1932	78

Thus it appears that Canadian 4 per cents stand higher to-day than any of the countries that I have named. With reference to the last loan placed upon the English market, at 3½ per cent. interest, the House will remember authority was given to the Government to loan to the Canadian Pacific Railway Company \$22,500,000 towards the construction of that railway, and it became necessary that we should obtain, on the best terms possible, money to meet our engagements in that direction. A £5,000,000 sterling loan was offered at 3½ per cent, and the minimum named was 91. That loan produced £91 1s. 8d. It was a 50 years loan, and the sum realised is equal to 2 per cent. premium on a 50 years' loan at 4 per cent., as will be shown by a book I have in my hand, and which any hon. member can see, there he will ascertain the value of securities at various rates, with the number of years to run. Perhaps the late Minister of Finance has seen it.

Sir RICHARD CARTWRIGHT. I have the book.

Sir LEONARD TILLEY. When that loan was placed upon the market it brought equal to 2 per cent. premium on 4 per cent. loan for fifty years. That, Sir, was the highest rate ever obtained for any Canadian loan that had been placed on that market. The loans placed by my hon. predecessor from 1874 to 1876, and the loan placed upon the English market by myself, in 1878, realised about the same sum at 4 per cent. The fact is, Sir, we did not realise as good a rate even at 4 per cent. as the 3½ per cent. loan of 1884. The 4 per cent. debentures placed at 30 as appears by this table. The loan effected by my predecessor in 1874, at the price it realised, yielded to the purchaser £4 12s. 6d. for every £100 bought. The 30 year 4 per cent. debentures placed in 1875, cost Canada, in interest, £4 11s. 2d. per annum on every £100 that was realised. The 50 years 3½ per cent. debenture at 91—which was the minimum placed, though it brought a little more, gave a rate of interest of £3 18s. 3d. That is what we are paying on that loan. A 50 year 4 per cent. debenture, selling at 102, would yield an interest to the holder of £3 18s. 2d., so that I may fairly say we realised what was equal to 102 per cent. on a 50 year 4 per cent. loan. Now, Sir, the difference between the rates at which the hon. gentleman opposite, and I myself in 1878, obtained for the 4 per cent. at that time, is about ½ per cent. and that ½ per cent., were it used as a sinking fund, would pay off the principal in between 40 and 50 years, and that shows the nature and extent of the

value to Canada of the different loans that were floated. My hon. predecessor asked for the names of the persons who tendered, and what they tendered for. We had not the names in our possession to give him, but I may say that when I placed the minimum at 91, almost everybody who was in the habit of dealing in securities of this kind thought the minimum high, and I had a conversation with the manager of the Bank of Montreal on this subject, and he declined to tender, as many others also did, because the minimum rate was considered too high. Now, Sir, there has been a good deal said with reference to ample notice not having been given of this loan, that the number of papers it was advertised in was too limited in circulation, and therefore the interests of the country were sacrificed. The hon. gentleman moved, if you will recollect, for the names of the papers in which that loan was advertised, and you will also remember that I asked him to amend that request and go back to 1874. I had a reason for doing so, because I was satisfied there was no difference in the papers that were used as the advertising medium of his loan and those used for the loan of 1884. The result showed that, with the exception of 1876, when he floated his loan and the loan I floated in 1878, the papers were the same, that there was not one paper which he used in 1876 that I did not use in 1884, and I imagine only from the name of that paper that it has gone out of existence. There is nothing to be gained by the Opposition by an investigation into the number of papers in which tenders were asked, for the loan of 1884, as compared with the papers in which tenders were asked for the previous loans. Now, with reference to the time that was given for the parties to tender. If you will compare the prospectuses that were issued by the hon. gentleman opposite, and by myself, it will be found there is very little difference. But I will tell you what the Finance Minister of Canada has to encounter. There is in London an organisation of men who are opposed to the Pacific Railway, and who are opposed to the Government of Canada, because they have given facilities to the Canadian Pacific Railway Company for the construction of that great work. There are men connected with the Northern Pacific Railway whose interests lead them to oppose that road and to destroy the company if possible, and you will find that, whenever an opportunity arises, the Northern Pacific Railway Company very naturally seeks to defeat the completion of the Canadian Pacific Railway, because when completed it will be one of its great competitors. Then, I think I may fairly say that the stockholders of the Grand Trunk Railway are not peculiarly demonstrative in their regard for the Canadian Pacific Railway. And what do we find when we go into that market to float a loan? Just what I found last summer, and that was a most determined hostility to the successful placing of that loan. The morning that tenders were asked for to be deposited at Messrs. Baring Bros., the parties opposed to the Canadian Pacific Railway had a most violent article in one of their papers against the Government of Canada and the Canadian Pacific Railway, and from 10 o'clock in the morning until 3 o'clock in the afternoon, while the tenders were being deposited at Messrs. Baring for this loan, a man stood there with a placard advertising this paper, and calling the attention of everybody who came along to the article in the paper. But, notwithstanding that fact, when the tenders were opened, I do not hesitate to say that on no occasion have we had so many offers of sums varying from £100 sterling to £10,000. Had the matter rested there, we could have made out a case to which there could have been no reply from hon. gentlemen opposite. But I think I hear the late Finance Minister saying: Oh, but New South Wales has floated a 3½ per cent. loan since then, and that loan brought a higher price than you received for our 3½ per cent. loan. There are reasons why the New

South Wales 3½ per cents should have sold for a higher price than our securities. Ours were for 50 years, theirs for 40 years.

Sir RICHARD CARTWRIGHT. Ours are for 50 years.

Sir LEONARD TILLEY. Yes, ours are for 50 years, and theirs are for 40 years; and therefore if the purchaser of a £100 bond pays £92 for it, he gets back into his coffers £8 in 40 years; while the purchaser of one of our bonds does not get it back for 50 years. So the purchaser of the former has the use of his money for 10 years longer than the purchaser of the latter. According to the table in my hands, it makes a difference of nearly 1 per cent. to the purchaser. The purchaser can give 1 per cent. more for a 40 years bond than for a 50 years bond when it is sold for 8 per cent. discount. It is just the opposite when you buy at a premium. In addition to that, the payments which were to be made on the New South Wales bonds were distributed over a longer period than the payments on the Canadian bonds. The buyer had, therefore, the use of the money for a longer time, and the difference between the payments on the Canadian and the New South Wales bonds was about one-half per cent., which gave 1½ per cent. advantage to the purchaser of the New South Wales loan. It is true that shortly afterwards, owing to circumstances of an exceptional character, both our bonds advanced. The Chancellor of the Exchequer of England was about converting 3 per cents into 2½ per cents, and the rate was favorable to our colonial securities, and ours advanced rapidly for a month or so, and the New South Wales bonds also advanced in about the same ratio. That led to comments in the Opposition press attempting to show that I had sacrificed the interests of Canada in placing the loan at 91 when the securities subsequently advanced to a higher rate. What I cannot understand is why our 3½ per cents are selling comparatively lower than New South Wales' 3½ per cents, and our 4 per cents having the same period as theirs to run are higher than theirs. What is our position? While Canada has comparatively few friends in the money market of London, and many opponents when we are placing our loans on the market, whenever an Australian colony places a loan the twelve Australian banks take hold of it, and there is a different feeling manifested as compared with that displayed towards a Canadian loan, and a deep interest is felt on the part of the Australian bankers for the success of an Australian loan.

Mr. MITCHELL. There is no Grand Trunk against them.

Sir LEONARD TILLEY. There is a hearty and commendable desire manifested by Australian capitalists to keep the credit of the Australian colonies at the highest possible point; and although we cannot get at the facts, I believe there must have been some arrangement made between the New South Wales Government and the syndicate of Australian banks as purchasers of the loan, that as the proceeds are not required for a long time a moderate rate of interest should be paid until called for. That loan should have brought 1½ per cent. more than ours; it brought over £93, or practically £1 more than our loan brought. I do not hesitate to say that the rates at which our 4's are quoted, and they form the larger part of our indebtedness as compared with the 3½'s, show that the price of the latter may be influenced at present by the fact that we have five million pounds maturing in June next. To-day our credit at home and abroad stands higher than ever before, and I believe it is to a very considerable extent the result of the adoption of a policy which has enabled us to have a surplus, after making the expenditures necessary to carry on public affairs, and without increasing the taxation of the people

per head, or increasing the burdens they have to bear in the shape of interest.

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

After Recess.

Sir LEONARD TILLEY. When we separated, Mr. Speaker, I was discussing the general effect of what is termed the National Policy on the general industries, and especially the manufacturing industries, of the Dominion of Canada. I now propose briefly to call the attention of the House to the amended estimates for the current year, both of income and expenditure, and I will then proceed to submit an estimate of income for the next fiscal year, the estimate of expenditure being on the Table of the House. Then I shall ask the indulgence of the House for a short time while I submit evidences of the prosperity of the country as proved by the facts which I desire to submit for their consideration. But before doing so I wish to call the attention of the House to a matter of which I intended to speak earlier in the evening, and that is a statement that has been made relative to the taxation of Canada as compared with that of the United States, in which it has been represented that the taxes of Canada at the present time are nearly double those of the United States, and that we are fast becoming the most heavily taxed country in the world. I desire to give some facts to the House on this point. The most of them are taken from the Finance Report of the United States of 1884, recently published in Washington, dealing with the expenditure of 1883-84. The expenditure for the first quarter of 1884-85, an estimate of the expenditure for the remaining nine months of the current year, and the estimate of the income and expenditure of 1885-86 as contained in the volume before me. I find from this document for 1883-84, page 4, the following figures:—

Receipts from Customs.....	\$195,067,489 76
" Inland Revenue.....	121,586,072 51
National Bank Tax.....	3,108,730 13
Fees, &c.....	4,323,603 03
	<u>\$324,085,895 43</u>
Less surplus	57,603,296 09
	<u>\$266,482,499 34</u>

Estimating the population for that year at 54,000,000, the necessary taxation per head to meet the expenses and sinking fund was \$1.93½ cents per head. The taxation necessary in Canada to meet the expenses, out of consolidated revenue including sinking fund for the five years from 1879 to 1884 was \$4.78½ per head against \$4.93½ in the United States for 1883-84. I would call the attention of the House to the fact, that of the necessary Dominion taxation \$1.75 per head of the sum received into the Dominion Treasury goes towards the relief of the Provinces, either in the interest of their debt assumed by the Dominion of Canada, amounting at the close of the last fiscal year to nearly one hundred millions of dollars, and \$3,600,000 paid annually in subsidies to the Provinces; whereas, in the United States, no portion of the revenue collected by the general Government goes to the relief of the States. The State taxation as shown by return laid before Congress is 32 cents on every \$100 of taxable property in the United States, or \$1.20 per head of the population, in addition to that collected by the general Government. So when we are considering this question as to the taxation of the United States, we must remember that we collected for the Provinces \$1.75, last year, while the inhabitants of the United States, in addition to the sum which is collected and paid into the general treasury, pay \$1.20 state taxation per head. Now, Sir, this makes the necessary taxation in the United States, including sinking fund, \$6.13½ per head, against an average necessary taxation in Canada for five years of \$4.78½ per head, or for

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Dominion purposes alone, \$3.03½. And as to this amount which we contribute for the Provinces, it is not now a question of whether the policy is wise or unwise; the only condition on which the various Provinces would enter this union was that the Dominion should assume their debt and pay the interest, and give what would be considered sufficient to maintain and pay the working expenses of the different Local Governments. The facts of the case nevertheless are these: That if we had been in the position of the United States, leaving the Provinces to collect by provincial taxation such as is collected by the States of the Union, we would have only required, in order to pay the necessary expenses for 1883-84, to have collected \$3.03 per head. I may here state that I desire to put this case in as fair and as accurate a position as it can possibly be presented. The sinking fund of the United States is larger in proportion of the population than that of Canada, and therefore it may be said that the fair way to test this question is to look at it without reference to the sinking fund at all, and to say what the necessary taxation would be not taking into account the sinking fund. The necessary taxation to meet the expense of the Dominion for the fiscal year 1883-84, less sinking fund, was \$4.84 per head. The necessary taxation to meet the expenditure of the United States for the same period, less the sinking fund, was \$4.07 per head, and if you add State taxation \$1.20 we have as the necessary taxation of the United States for that year \$5.27, as against \$4.84 in Canada. Now, Sir, I take from this document before me—the Estimates of the United States for 1885-86—I will refer presently to the Estimates for the Dominion of Canada for the same year—and with this result: The estimated revenue for the United States from Customs, internal revenue, bank tax and other fees, is \$307,000,000. Deduct estimated surplus and sinking fund \$54,656,000, and you have left \$252,344,000 the amount necessary to assess and tax the people of the United States to pay the expenses of 1885-86, or \$4.58 per head of a population of 55,000,000; add State taxation, \$1.20, making a total of \$5.78 as the estimated taxation of the United States; while the estimated taxation of Canada for the fiscal year 1885-86, less sinking fund, based upon a population of 4,800,000, is \$4.75 per head. Now, Sir, with reference to the statement that we are fast approaching in taxation to the condition of the most heavily taxed nation in the world, I have here a statement of the revenue and expenditure per head of the population of various countries, which I desire to submit to this House to show whether that statement, is reliable or not. This statement refers to the year 1881-82:

Country.	Revenue per head.	Expenditure per head.
Queenland	\$43 44	\$42 51
New South Wales.....	42 90	36 75
West Australia	40 34	23 10
New Zealand	34 83	35 30
South Australia	31 76	37 46
Victoria.....	30 99	30 22
Tasmania	21 67	20 55
France	15 43	15 24
Great Britain.....	12 62	12 61
Germany	12 33	9 15
Netherlands	10 98	12 73
Italy	10 85	10 80
Belgium	10 74	10 99
Spain.....	9 48	9 43
Chili.....	8 43	8 87
Russian Empire.....	6 33	6 44
Brazil	6 32	8 00
Denmark.....	6 26	7 02
Norway.....	6 15	5 88
Greece	6 08	7 25
United States.....	7 94	5 29
Canada.....	7 30	5 48

In the case of Canada the revenue received from railways is deducted, and adding to the United States taxation the taxation of States, it is below all the countries that I have

named, and the countries in Europe whose taxation is below that of Canada are:

Countries.	Revenue per head.	Expenditure per head.
Sweden	\$4 79	\$4 73
Turkey	3 22	3 82
Switzerland.....	3 07	3 03

And then we come to China, British India and Japan. If we take into account the value of a day's labor in these countries as compared with the value of a day's labor in Canada, the taxation at their figures is greater than that of Canada, without any of the compensating advantages that our people enjoy. Sir, I fail to see in these statements any warrant whatever for the statement made by a member of this House in another place that the taxation of Canada was nearly double that of the United States, and that our taxation was fast approaching that of the most heavily taxed country in the world. Our taxation is not one-fourth of the average taxation of the Australian colonies, when we contrast our condition with that of the countries to which I refer. In our case the expenditure is not on war or on standing armies, but for the development of a great country, and to secure for Canada the most magnificent canal system in the world, and railway facilities such as are scarcely to be found in any other part of the world. Sir, if I am right in these statements, how deeply is it to be regretted that any gentleman occupying the prominent position of the gentleman to whom I refer, should have put into the hands of American land and steamboat agents who are striving to divert immigration from Canada to the United States—should have put into the hands of the people of Ireland to deter them from emigrating to this country—should have put into the hands of the people of England and the people of Scotland statements such as these, calculated to damage our credit and prevent immigration to the country—should have put into the hands of the people of Germany a statement made on high authority that if they come to Canada to settle, they will come to a land which is or soon will be more heavily taxed than any other country in the world; and these statements made at variance with the facts and without warrant or justification. I now pass to another subject. I desire to consider the Estimates for the current year, with the view of making an amended statement relative to the income and expenditure. The estimate made of Customs receipts last Session was \$20,000,000. The amended estimate is \$19,500,000. There will evidently be a falling off in the receipts from Customs, arising mainly from the decreased value of the imports. Every person knows that during the last year there has been a large reduction in the values of goods imported into Canada; and I may mention as an illustration of that the article of sugar. The revenue derivable from sugar entered this year, and upon which an *ad valorem* duty of 22½ per cent. is collected, has been materially affected by the reduced value of the sugar. We know that the depression that exists in England, in France and in the United States, is such that the products of these various countries are sent into Canada at lower rates, and sold in those themselves at lower rates than the rates that prevailed a year ago. Therefore, the articles imported into Canada paying *ad valorem* duty, supposing the volume was the same, would necessarily show a reduction in Customs duties; but in addition to that there is no doubt that the energy which our own manufacturers have displayed in developing their industries has had the effect of reducing to some extent the imports. I may say, however, that in the current year the reduction in the Customs revenue will arise very largely from the decreased cost of the goods imported. It is quite true that the falling off in Customs for the first six months of the year amounted to over half a million, but I wish to call the attention of the House to one or two facts which will justify me, I think, in

estimating that at the close of the year the reduction will not be more than half a million. For instance, on the 1st of January, 1884, we increased the duty on printed cotton goods from 20 to 27½ per cent., and there was at the close of 1883, in the months of November and December, a large amount of revenue collected on these goods that did not legitimately belong to that year. The result is that in comparing the first six months of the present year with the first six months of last year, the latter will show an increased amount of revenue on that account. The return placed in my predecessor's hands (Sir Richard Cartwright) shows that for January and February there is nearly \$200,000 increase in revenue which indicates very fairly, I think, that the diminution of imports in September, October, November and December, was the result, not only of depreciation of value but of the low price of our wheat which remained in the country and was not sold or exported, causing a depression in trade that made every man in business feel it was wise to import only what he absolutely wanted during that period. But since then, a considerable portion of the wheat having gone into the market and having been sent forward, things are improving, and we may fairly consider that while the deficit for the first six months was over \$500,000 in Customs duties, the imports of the second half of the year, taking into account the increase of duty on printed goods, will be such that we may fairly estimate that the revenue will be from Customs duties \$19,500,000 or only half a million dollars less than the estimate of last year. The next item is that of Excise. It is estimated the revenue from Excise will be \$5,400,000. There has been some falling off in that direction which may be attributed in part to the action of a good many of the constituencies in Ontario of late, by which the amount of duty collected on spirits and malt liquors will be reduced; but it will be found before the Session closes, that the Government propose to make it up to some extent in another way, in Excise duties, a portion at least, of the money we are likely to lose this year and likely to lose to a greater extent next year on malt and spirits. It is estimated that this year, the revenue from Excise will amount to \$5,400,000. The postal service we expect to yield \$1,900,000, railways and canals \$3,000,000. The interest which last year was put down at \$750,000, will amount to \$1,900,000, with however more than an equivalent increase on the other side, because, under the authority of this House, the Government floated a loan by which money was raised to be advanced to the Canadian Pacific Railway Company. This increased, of course, the amount of interest payable by us, to a very considerable extent, but it increased on the credit side, the receipts from the estimate of \$750,000 to \$1,900,000. From the miscellaneous items we expect to obtain \$800,000, as estimated last Session; and the lands in the North-West, from which I estimate we would obtain nearly a million dollars, I now have to estimate at \$500,000, making altogether \$33,000,000 revenue, with an estimated expenditure of \$32,850,000. The receipts from interest for the present year will be less than the charge for interest, because there will be, between March and the first of July, a portion of the debt of the Canadian Pacific Railway bearing interest, but the interest, however, is not payable until September. Consequently the surplus is reduced to the extent of \$300,000 from that fact. The estimated expenditure is \$32,850,000, leaving \$150,000 surplus for the present year.

Sir RICHARD CARTWRIGHT. Including Dominion lands.

Sir LEONARD TILLEY. Yes; including receipts from Dominion lands. I trust that hon. gentlemen who complained that we were unnecessarily collecting taxes from the people, two or three years ago, will be satisfied now, as the receipts and expenditure are very close for the

current year. The increases in our expenditure are the following: The interest will be increased about \$550,000, but practically about \$250,000; the expenses on account of Indians \$250,000; subsidies to Provinces in excess of what was paid last year and under the Act of last Session, \$425,000. Then there will probably be a decrease in the immigration expenses of this year of \$100,000, but at all events the estimate now is that the revenue will be \$33,000,000 and the expenditure \$32,850,000. Before I pass to the next year I think it but right that I should state to the House something with reference to the loan issued last summer and the temporary loans made since then. The loan made last summer netted to the Government \$22,500,000 or thereabouts. The temporary loans made since that time amount to \$12,500,000, making altogether \$35,000,000. I think it right to state to the House how this money has been used and for what purposes it has been expended. Since the 1st of March last we have paid to the Canadian Pacific Railway, under contracts of Mr. Onderdonk, \$3,379,873, on account of the Canadian Pacific Railway subsidy, \$8,386,418; to the Canadian Pacific Railway Company, on loan account, \$19,459,000; redemption of debt \$3,991,056; total \$35,216,347. The members of the House may wish to know the course the Government are likely to pursue with reference to the maturing liabilities bearing 5 per cent. interest, as well as with reference to the floating debt. There are \$25,000,000 of the present 5 per cent. loan in the hands of the public. The balance of about \$7,000,000 is held by the Government in the sinking fund, and therefore, of the loan which matures in June next, \$25,000,000 must be provided for either by the payment to the holders direct or by some other arrangement by which other bonds will be exchanged. I am not in a position to state definitely which course the Government will take, but it has been suggested that the Government should offer to the holders of 5 per cent. bonds, debentures payable in 7 or 10 years, in exchange for the 5 per cent. debentures that they hold. The Government look upon this proposition somewhat favorably because, in 1891, the loan to the Canadian Pacific Railway will be payable. When the Canadian Pacific Railway has been completed and its value fully established, arrangements will, no doubt, be made by which the mortgage which we hold upon it will be paid. If we issue debentures payable in 30 or 50 years, the Government would have to go into the market and buy back debentures at an advanced rate. At any rate, it would put the Government in a position, with a very short time intervening, to make arrangements for these \$25,000,000; and then it is suggested that by the issue of Treasury bills we could provide for the temporary loans made in Canada and in England, so that in fact the Government may not be required to place on the London market any debentures during the present calendar year, except for the redemption of the \$25,000,000, due on the 1st July next. At all events we will be in a position to provide for our maturing liabilities without materially depressing the value and character of our securities. Now, I will pass from the amended estimate for the current year to the estimate of income and expenditure for the next year. The Government estimate that the receipts from Customs will be what we have estimated for the present year, \$19,500,000. We expect that Excise will not yield quite as much as in the present year from the fact that, on the 1st May next, several districts will come under the operation of the Scott Act, and it is natural to expect that the consumption of spirits and malt liquors will diminish and that there will be a decrease of revenue on that account. The receipts from Post Office we estimate at \$1,950,000; from Railways and Canals, \$3,000,000. It is true that we are running seventy or eighty miles more of railway than we were last year, that is, the road which was purchased from the Government of Nova Scotia; but we have not estimated any increase of revenue, because the Minister of Railways

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puts down the receipts for the Intercolonial Railway at \$100,000 less than for the current year. For interest, we estimate \$1,950,000. I may say here that the interest will not be as large as in the present year, because we are receiving interest this year on \$7,000,000 of sinking fund debentures, which will be cancelled on the 1st July next, and therefore, while we shall receive the whole of the interest from the Canadian Pacific Railway next year, it will only increase the receipts \$50,000, but the payments on the other side will be diminished in the like proportion. We estimate miscellaneous receipts at \$700,000; and lands, &c., North-West, at \$700,000, instead of \$500,000 for this year. The estimate for the current year and next year of the proceeds from lands in the North-West is only one-third of the amount which will fall due on the pre-emption lands within that period. The expenditure is estimated at \$31,757,032, leaving an estimated surplus of \$1,242,963. The supplementary estimates may reduce this surplus to \$700,000, and, if that should be the case, the taxation necessary for the next year will be \$24,000,000, and that, on a population of 4,800,000, is just \$5 per head, which is 12 cents more per head than the sum required during 1874 to 1879, but we, during the next year, will give to the different Provinces of the Dominion more than the 12 cents per head, under the action of last Session, for local expenditure and local benefit. Then the net interest which we will have to provide during the next year will be \$7,500,000, and that, divided by 4,800,000, is \$1.56½ per head of the population, or 1½ cents more, after the Canadian Pacific Railway is completed, after all the money is paid that we are bound to contribute for the construction of that work, after many millions of dollars have been expended in the enlargement of our canals, after six or seven millions of dollars have been expended in the completion and extension of the Intercolonial Railway, than was paid in 1878-79. It strikes me this should be considered a somewhat satisfactory condition of affairs. Many of us, when we agreed to contribute \$25,000,000 for the construction of the Canadian Pacific Railway, and to spend \$38,000,000 more for the construction and completion of sections to be handed over to that company, were somewhat alarmed at the responsibility that we assumed. In the financial statements that have been made from time to time with reference to the completion of that work, we have all been basing those estimates upon the completion of that work in 1891; and it can quite well be understood why, in the current year, we have found it necessary to borrow more money than was anticipated and to increase the interest on the net debt of the country, from the fact that that work has been carried on with such wonderful rapidity towards completion. Many argue that it was unwise to press on this work so rapidly, and that it would have been better to spread the expenditure over a greater number of years. But when we consider, Mr. Speaker, that with 1½ cents per head of increased taxation in the shape of interest upon the debt; when we consider that with 12 cents per head of increased taxation next year, and that for the relief of the Provincial Treasuries, we will be able to complete this work—and the taxation necessary for the payment of interest is practically but a cent or two in excess of what it was in 1879-80; when we consider that the 150,000,000 acres of land that we have opened up for settlement in that country—which was comparatively worthless without the railway, and which will probably give us a return equal to our contribution to its construction, I think that with such a showing every man will feel that it was in the interests of this country that the work should be completed rapidly and expeditiously, in order that we may enjoy the advantages to be derived from the completion of that road, and that some of us who are now growing grey may yet live to enjoy its benefits. But before dealing with the evidences to which I refer

of the prosperity of this country—"evidences of prosperity!" I hear an hon. member say. Yes, the evidences of prosperity, not perhaps as great in every respect as we could desire, but evidence of prosperity in advance of that which is enjoyed by any other country in the world. Before I proceed to give the evidence on which I base that opinion, I desire to submit to the House the resolutions with reference to changes in the Tariff that the Government have thought desirable to submit for your consideration. I may say that the first sheet or two of these resolutions are confined to articles that are placed upon the free list or to articles that have been made free by Order in Council, and it was thought better by the Government that Parliament should be asked to assent to them rather than allow them to remain as Orders in Council, and therefore we propose that they shall become part of the statutes of the Dominion of Canada by which the concessions will become more generally known. Therefore I am in the first place, simply giving a list of articles that are at present free, but which we desire to be placed on the free list under statute.

Sir RICHARD CARTWRIGHT. Have you that paper ready for distribution?

Sir LEONARD TILLEY. No; I have not.

Sir RICHARD CARTWRIGHT. It has been the custom to distribute them when you move resolutions.

Sir LEONARD TILLEY. I will lay it on the Table. There are reasons why it was not desirable to distribute it this afternoon.

Sir RICHARD CARTWRIGHT. Usually when we have introduced these changes—of course I did not expect the hon. gentleman would present them to the House until he had them in his hands—but usually speaking, those sheets have been sent all around the House just as you explained them to the House. You are not prepared to do that, I suppose?

Sir LEONARD TILLEY. If that has been usual, then my memory is at fault.

Sir RICHARD CARTWRIGHT. I did it two or three times.

Sir LEONARD TILLEY. I do not know what course the hon. gentleman may have pursued, but since I have had the honor of occupying this position I do not recollect of having done so, although it may be an omission on my part.

Sir RICHARD CARTWRIGHT. I am not blaming the hon. gentleman.

Sir LEONARD TILLEY. These are the resolutions:

Resolved, that it is expedient to amend the tariff of Customs duties and schedule of free goods as follows: By adding to the free list, Schedule B, the following articles now admitted free by Orders in Council under authority of sub-section 12, of section 230 of the Customs Act, 1883, as coke, when used in Canadian manufactures only; woollen rags; steel, imported for use in the manufacture of skates, musk, in pods or in grains; white shellac, for manufacturing purposes; jute cloth, as taken from the loom, neither pressed, mangled, calendered, nor in any way finished, and not less than 42 inches wide when imported to be manufactured into bags only; salt cake, being a sulphate of soda, when imported by manufacturers of glass and soap for their own use in their own works; "foot grease" the refuse of the cotton seed after the oil is pressed out; tagging metal, plain, japanned or coated, in coils not over 1½ inches in width, when imported by manufacturers of shoes and corset laces for use in their factories; locust beans, for the manufacture of horse and cattle food; hoop iron, not exceeding ¾ of an inch in width, and being No. 25 gauge, or thinner, used for the manufacture of tubular rivets; buckram, for the manufacture of hat and bonnet shapes; recovered rubber and rubber substitute; silver and German silver, in sheets, for manufacturing purposes; steel of No. 20 gauge and thinner, but not thinner than No. 20 gauge, to be used in the manufacture of corset steels, clock springs, and shoe shanks, when imported by the manufacturers of such articles for use in their factories; cotton finer than No. 40, unbleached, bleached or dyed, and not finer than No. 60, for the manufacture of Italian cloths and worsted fabrics; steel, in sheets of not less than 11 or over 18 wire gauge, and costing not less than \$75 per ton of 2,240 pounds, when imported by manufac-

turers of shovels and spades for use exclusively in such manufacture in their own factories; red liquor, a crude acetate of alumina, prepared from pyroligneous acid for dyeing and calico printing; iron liquor, solution of acetate of iron, for dyeing and calico printing.

Also, by adding the following unenumerated articles to the free list. Precious stones, viz.:

Agate, amethyst, aqua marine, blood stone, carbuncle, cats eyes, cameo, coral, cornelian, crystal, crysolite, croscordolite, emerald, garnet, intaglio, inlaid or incrustated stones, onyx, opal, pearl, ruby, sardonyx, sapphire, topaz and turquoise, not polished nor otherwise manufactured.

Some of these precious stones are named in the present tariff, but there are others not named, and a question has arisen with regard to them. Therefore, agates, amethysts, etc., are all named when not dressed or polished, as free, in order to prevent difficulties in working out the Tariff.

Bichromate of soda, sulphate of iron (copperas), indigo auxiliary, fancy grasses, dried but not colored or otherwise; oil cake meal, paintings in oil or water colors, the production of Canadian artists, under regulations to be made by the Minister of Customs.

Now, Canadian artists go to Paris or Rome, and execute paintings while there, and we thought it right, that when they brought them home to Canada, they should be admitted free. At present they are subject to a duty. By adding to the following articles now on the free list, the explanations and additions attached to each respectively: Bolting cloths, of silk or worsted, not made up. At present the question arises as to whether brass bolting cloth should not be admitted free, and it is in order to settle this question that bolting cloth, silk or worsted should be specified. Borax, not ground or otherwise manufactured. Articles have been admitted as borax which have been found to contain very little of that substance, and therefore the article dealt with by this resolution is confined to unground borax. Duck for belting and hose, when imported by manufacturers of rubber goods for use in their factories; mineral water, natural, not in bottle; pitch, that is from pine, in packages of not less than 15 gallons. It has been found that attempts have been made to enter as pitch articles for medicinal purposes in smaller packages, and it is in order to define what was no doubt the intention of Parliament, that we now declare that pitch in barrels only shall be admitted free. Pumice and pumice stone, ground or unground. A question has arisen between the different collectors as to whether ground pumice stone is a manufactured article, and we now place both ground and unground on the free list. Quercitron or extract of oak bark, for tanning; resin, in packages of not less than 15 gallons; steel railway bars or rails, not including tram or street rails. The Customs Department have for years decided that tram or street rails are subject to duty. They have ruled to that effect. But we ask for a declaration by Parliament on the point, so that no question can arise in the future. Tar, pine, in packages of not less than 15 gallons. We come now to articles in regard to which we propose to change the duty. By repealing all duties chargeable under any Act now in force or any of the articles hereinafter mentioned, except so far as they are the same as those hereinafter mentioned. Costume cloths, serges and similar fabrics, under 25 inches wide, 25 per cent. *ad valorem*. We now come to the wincey question, which it has been found almost impossible to solve, and as parties are now manufacturing this class of goods in Canada we propose to place the duty at 25 per cent. *ad valorem*. Pickles and sauces increased from 20 to 25 per cent. *ad valorem*; bottles pay 30 per cent. and vinegar pays a higher rate than 20 per cent. Those engaged in the trade therefore very properly ask that they should be placed in a fair position, and we propose to place the duty at 25 per cent. Barrels containing petroleum or its products, or any mixture of which petroleum is a part, a specific duty of 40 cent each. A difficulty has arisen with respect to the value of barrels

and this change is the solution of that difficulty. Cutlery, not otherwise provided for, 25 per cent. *ad valorem*. In 1879 cutlery was not made in Canada and it was left at the regular tariff rate. Cutlery, knives and forks, are now made extensively here, and it is proposed to give the makers the benefit of another 5 per cent. Red prussiate of potash, 10 per cent. *ad valorem*. Mouldings of wood, plain, 25 per cent.; 25 per cent. is the present rate of duty on plain wood mouldings, but mouldings are introduced in a finished condition, and all that is required to convert them into picture frames is to cut them into certain lengths and put them together. Picture frames come under the head of furniture, for which the duty is 35 per cent. For the future, mouldings, gilded or otherwise advanced in manufacture, will be charged 30 per cent., being an increase of 5 per cent. Imitations of precious stones, not set, 10 per cent. instead of 20 per cent. Jewellery will remain at 20 per cent., because if a higher duty was imposed much smuggling would occur. We do not, therefore, propose to add anything to jewellery, but to give Canadian manufacturers the benefit of 10 per cent. on imitation precious stones. Manilla hoods, 20 per cent. instead of 25 per cent. This is an article which will be imported and finished in Canada. Umbrellas, parasols and sun shades of all kinds and materials, 30 per cent. At present the manufacturers have to pay 30 per cent. on silk, and we shall be able to get over the difficulty experienced by the Customs Department by placing all these goods at one rate of duty. China and porcelainware, 30 per cent. This is an increase of 5 per cent. Chinaware paid less duty than the coarser now manufactured in Canada, and it is proposed to remedy the anomaly by placing all at 30 per cent. House furnishing hardware, 30 per cent. Difficulty has arisen in connection with this matter. For instance, some articles have been entered at 20 per cent., as castings, and in order to remove the difficulty all furnishing hardware will be 30 per cent. Chains, iron or steel, over $\frac{9}{16}$ inch in diameter, 5 per cent. They are now charged 5 per cent. *ad valorem* when used for ships, but it is found that parties import this article in connection with the lumber trade, and therefore we propose to place all articles of this class at 5 per cent. Acid, acetic, specific duty of 25 cents per imperial gallon and 20 per cent. *ad valorem*. It has been found that importers have brought in a gallon of acetic acid of sufficient strength to make 20 gallons of vinegar, and it has much interfered with the vinegar manufacturers as well as revenue. Tissue paper, white and colored, when imported by manufacturers of artificial flowers for use in their factories, 10 per cent. Glucose syrup, 2 cents per lb. Carpets, Brussels, tapestry, Dutch, Venetian and damask, 25 per cent. Plate glass, not colored, in panes not over 30 square feet, 6 cents per square foot; plate glass, in panes over 30 and not over 70 square feet, 8 cents per square foot; plate glass, in panes over 70 square feet, 9 cents per square foot. Colored labels, for fruit, vegetables, meat, fish, confectionery and other goods, also tickets, posters, advertising bills and folders, 10 cents per lb. and 20 per cent.; sheet iron, hollow ware, and all manufactures of sheet iron not elsewhere specified, 25 per cent. These goods now pay that amount, but owing to the different rulings at different ports it was considered advisable to name them, and thus to enable the departments to escape the difficulties which now beset them in that respect. Asbestos in any form other than crude, and all manufactures thereof, 25 per cent. This article is now manufactured in Canada; the duty in the United States is 25 per cent., and as we have plenty of the raw material it has been considered advisable to increase the duty. Axle grease, and similar combinations, a specific duty of 1 cent per pound; cotton bed quilts, exclusive of counterpanes and woven quilts, 27½ per cent., *ad valorem*; print cottons now pay 27½ per cent., and if these articles were made in the country the manufacturers would have to buy the material here, or import it at 27½ per cent.

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duty, and the duty collected on counterpanes would only be 20 per cent., so that this change will place them in the same position as the manufacturers of print cotton. Extract of fluid beef, not medicated, 25 per cent. *ad valorem*. This article is being made in Canada successfully, and it is considered fair to give them the benefit of the additional 5 per cent. It is quite clear from the returns received down to the present time and from the adoption of the Scott Act by so many districts that we will lose a considerable Excise revenue next year; and as cigars manufactured in the Dominion of Canada to-day pay into the Treasury but 10 per cent. of their value of Excise duty, it was thought, as the general revenue tariff is 20 per cent., that the Government might fairly collect from cigars a portion of the revenue they will lose on spirits and malt. It is proposed that on cigars of all descriptions, made in whole or in part from foreign or imported leaf tobacco, or any substitute therefor, an excise duty of \$6 per thousand—which is double the duty at present paid, making it about 20 per cent. that the consumer will have to pay instead of 10. On cigars of all descriptions made solely from tobacco grown in Canada, and in manufactories where no foreign leaf is used or kept, the duty shall be \$3 per thousand instead of \$1.50. On wet snuff a specific duty of 12 cents, when put up in packages of less than five pounds. The present duty is 8 cents. The trade are anxious to put up snuff in small packages, and to pay the additional duty, and we are willing to take the money and let them have the advantage. On cigars and cigarettes, the Customs duty, specific, to be just double what it is now. It is now 60 cents per pound, and the new duty will be \$1.20 specific and 20 per cent. *ad valorem*. These are the propositions by which we expect to get back a considerable portion of the money we are liable to lose on spirits and malt liquors during next year. Then we propose the following resolution:—

Resolved, that it is expedient to repeal so much of Schedule A of chapter 15, 42 Victoria, as imposes a duty of 10 per cent. *ad valorem* on "endless felt for paper makers."

This article is now made in Canada, and it is proposed to strike out that exception, and as the manufacturers are prepared to furnish it at a reasonable price, there is no reason why they should not be permitted to do so. Further:

And the following parts of chapter 13, 46 Victoria, intituled, "An Act further to amend the tariff of duties of Customs," viz:—Item number 7, of section 2, and all of section 5, of the said Act; also to repeal section 9, chapter 15, 42 Victoria, intituled, "An Act to alter the duties of Customs and Excise," and to enact as follows:—In determining the dutiable value of goods, there shall be added to the actual wholesale price, or fair market value thereof—at the time of exportation—in the principal markets of the country from whence the same has been imported into Canada, all costs of inland transportation, shipment and trans-shipment, whether by land or by water, with all expenses included from the places of growth, production or manufacture, to the vessel in which shipment is made, and to and at the port from which such vessel finally clears for her outward voyage direct to Canada.

It will be remembered that from the application of this principle Great Britain was exempted, and when in England, last year, a deputation waited on me at Liverpool, pointing out the disadvantage under which they were placed by this provision which was intended for their benefit. Great difficulties have resulted from the importation of iron and the charges on it, and the merchants of Liverpool begged that we should either place a specific duty on iron or make the duty payable on the cost on board ship, and thereby obviate the difficulty which existed in Great Britain on this subject. It is proposed to make this change:

When any manufactured article is imported into Canada in separate parts, each such part shall be charged with the same rate of duty as the finished article, on a proportionate valuation, and when the duty chargeable thereon is specific or specific and *ad valorem*, an average rate of *ad valorem* duty equal to the specific or specific and *ad valorem* duty so chargeable shall be ascertained and charged upon such parts of manufactures.

There has been an attempt to bring in certain articles of manufacture and to evade the payment of the duties which Parliament intended to impose. It is proposed that we also add partridges, prairie fowl and woodcock to the articles the exportation of which is now prohibited. It is found that the shooting of these birds has been prohibited for a time in most of the States of the Union, and the result is that we have been overrun by people during the last year, who buy the birds and encourage their destruction. Before the adoption of the system of freezing the birds there was only a limited period after the frost set in during which they could export them; but they have established places at which they have freezing houses, and they have taken them in by thousands and sent them out of the country in that frozen condition. It is therefore thought necessary to take this step, in order to prevent the utter extermination of these birds.

Mr. MITCHELL. Have you nothing about cornmeal and flour?

Sir LEONARD TILLEY. The next change is as follows:

Resolved, that it is expedient to prohibit the importation into Canada of all goods manufactured or produced by prison labor, or which have been made within or in connection with any prison, gaol or penitentiary, and to attach a penalty to any such importation.

The Government have thought it advisable to ask Parliament to consider this question, because there are three large prisons in the United States in which labor is employed in manufacturing articles which are largely sent into Canada. They will not interfere with their own manufactures at home, and were we to double the duty they would, perhaps, still continue to send in the goods, to the destruction of the industries of the country; for while the honest labor of the country should receive, and has been receiving, \$2 per day, those who hire prison labour pay only 35 cents per day. It has been considered advisable, in justice to the honest and industrious artisan of Canada, that he should be protected from that kind of labor.

Resolved, That it is expedient to provide that on and after the 1st day of July next (1885) all fish imported shall be chargeable with, and there shall be collected thereon, the following rates of duty, viz.:-

- Mackerel, 1 cent per pound.
- Herring, pickled or salted, 1½ cents per pound.
- Salmon, pickled, 1 cent per pound.
- All other fish pickled, in barrels, 1 cent per pound.
- Foreign codfish, imported otherwise than in barrels or half barrels, whether fresh, smoked, dried salted or pickled, not especially enumerated or provided for by this Act, 50 cents per 100 pounds.

We have adopted the exact words of the American Tariff and the rate at present imposed in the United States, and unless some arrangements are made in the meantime, it is intended, on the 1st of July next, to collect on the fish named when imported from our American neighbors the same duty that they will collect from us after that date.

Anchovies and sardines, packed in oil or otherwise, in tin boxes measuring not more than 5 inches long, 4 inches wide and 3½ inches deep, 5 cents per whole box.

Their duty is 10 cents; but it was thought that rate would be a practical prohibition, and therefore we placed on the different sized boxes of sardines and anchovies only half the duty they collect.

In half boxes measuring not more than five inches long, four inches wide and one and five-eighths deep, 2½ cents each; and in quarter boxes measuring not more than four inches and three-quarters long, three and one-half inches wide and one and a-quarter deep, 2 cents each; when imported in any other form, 30 per cent. *ad valorem*.

Fish preserved in oil, except anchovies and sardines, 30 per cent. *ad valorem*.

Salmon and all other fish prepared or preserved, not specially enumerated or provided for in this Act, 25 per cent. *ad valorem*.

Oil, spermacetti, whale and other fish oils, and all other articles the produce of the fisheries, not specially provided for, 20 per cent. *ad valorem*.

These are the terms exactly of their Act, but we add this provision:

Provided that the whole or part of the said duties hereby imposed may be remitted upon proclamation of the Governor in Council, which may be issued whenever it appears to his satisfaction that the Governments of the United States and the island of Newfoundland, or either of them, have made changes in their tariffs of duties imposed upon articles imported from Canada, in reduction or repeal of the duties in force in said countries.

In the case of Newfoundland, for instance, there may be no great object in their imposing duties on Canadian fish; but it may be in the interest of Canada to make arrangements with the Government of that colony that in return for a reduction of duties on flour or other products of Canada, we will reduce or remove the duty on fish imported from Newfoundland. We are naturally anxious to have all the trade possible with Newfoundland, and also with the United States, but on equitable terms.

Mr. CHARLTON. If the Finance Minister will allow me, I will call his attention to a precedent with regard to these tariff resolutions, which, I believe, he would have been wise to follow. I find in the Budget Speech of my hon. friend at my right (Sir Richard Cartwright) made in 1874—

Some hon. MEMBERS. Order, order.

Sir LEONARD TILLEY. Now, Mr. Speaker, I desire to consider for a few moments evidence to show that the Dominion of Canada during the last five years, and even during the last year, has been in a much more hopeful condition than hon. gentlemen opposite would have us believe. I take, for instance, the deposits in the chartered banks of Canada.

Mr. MITCHELL. Would the hon. Minister, before he proceeds to that branch of the subject, inform us whether he proposes to take the duty off cornmeal, or to increase the duty on flour.

Sir LEONARD TILLEY. I do not propose to deal with that question to-night.

CHARTERED BANKS.

Increase in peoples' deposit in chartered banks from 1st Jan., 1874, to 1st Jan., 1879	\$8,499,942 49
Increase of deposits in same banks from 1st Jan., 1879, to 1st Jan., 1884.....	25,903,564 75

SAVINGS BANK DEPOSITS.

Increase in savings bank deposits over withdrawals from 1st July, 1874, to 1st July, 1879	\$1,997,422 37
Increase in same from 1st July, 1879, to 1st July, 1884.....	20,009,853 84

BUILDING AND LOAN COMPANIES.

Increase in deposits and purchase of debentures in Canada between 1st Jan., 1884, and 1st Jan., 1879	\$5,787,516 76
Increase of same from 1st Jan., 1879, to 1st Jan., 1884	9,512,734 93

RECAPITULATION.

From 1874 to 1879.		From 1879 to 1884.	
Deposits in chartered banks	\$8,499,942	Deposits in chartered banks	\$25,903,354
Deposits in savings banks	1,997,422	Deposits in savings banks	20,009,658
Railway and loan companies.....	5,787,516	Railway and loan companies.....	9,512,781
	<u>\$16,284,940</u>		<u>\$56,425,936</u>

It may be said by my predecessor that the increased amount of deposits in saving banks is no evidence of the prosperity of the country. But I would call the hon. member's attention to a letter he addressed to intending investors in Canadian securities in 1875, in which he pointed out to capi-

talists that there had been a very great increase in the deposits in the banks and saving banks of the country. Therefore, I hope the hon. gentleman will consider it some evidence of the prosperity of the country and the financial condition of the people that they have increased their deposits in the banks from \$16,000,000 to \$55,000,000. The capital expended on factories since 1878-79, as shown by the return presented, is something like \$44,000,000. So that, from 1879 down to the end of June last, by the deposits in chartered banks, in saving banks and loan companies, by the purchase of loan companies' debentures, and by expenditure in factories, the people of this country have invested about \$100,000,000 in the manner stated. I might go further and point to the additional mileage of railways which has been built and which has involved the expenditure of a large sum of money. I might point to the different cities in Canada, where millions have been expended in the construction of houses that have found tenants since 1879, when those alongside of the recent erections were previously to let but now occupied. We might go further and speak of the other investments since 1879 to show that the people of Canada, and especially the masses of the people, must have had a very handsome surplus during those periods from their earnings which they have thus laid by for a wet day. An hon. gentleman opposite referred to what he termed the exorbitant rate of interest that is paid to depositors in the savings banks as one of the reasons for increased deposits. When I called his attention to the fact that we offered less inducements since 1880 to depositors than our predecessors had, the hon. gentleman (Sir Richard Cartwright) rose and with some degree of triumph expressed in his face said: Well, we simply continued the policy pursued by our predecessors. We, on this side, considered it a compliment that they should have found it desirable in the interests of the country to follow our precedent, but I do not know that it was a justification for their course, considering the line they have taken in complaining of the lower rate now paid. It has been said that a great injustice has been done to the people of the country, especially to the banks of the country, and to the men who obtain discounts, because the Government now give 4 per cent.—formerly, in many cases they gave 5, but to-day, we only pay interest beginning the month after the deposit is made. No interest is paid on any deposit during the month in which it is deposited. It is said this is an exorbitant rate, that we should not pay more than 3 per cent., and that then the banks would have more money to loan to their customers. If we will look at the returns of the banks, we will find that the most of them have as much money to loan as they can find good customers for. The Government are prepared to take this stand, that while it is of the utmost importance to obtain for Canada money on the lowest terms possible, the depositors of small sums, the hard working people of the country, the men and women who want a safe place to deposit their money, should have the fullest amount of interest this country is warranted in giving. An hon. gentleman said why the rate of interest has been reduced from 30 to 40 per cent. since 1878. I examined the rate of interest charged by the banks in 1878, and I find that it is just the same as it is to-day. There is, therefore, no reason why we should say to the 100,000 depositors you must take less than 4 per cent., in order that the banks may make more money out of their deposits. No, Sir, the policy of this Government is to grant the greatest benefit possible to the largest number of persons, and we feel that in paying 4 per cent. interest to the depositors we are paying them a fair rate of interest, taking all things into consideration. In 1879 what was the value of bank stocks compared with their values to-day? This paper has been handed to me by a gentleman who I asked to look into this question:

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PRICES OF BANK STOCKS IN MONTREAL.

	Jan. 1st, 1879.	Jan. 1st, 1885.
Bank of Montreal.....	139	187
Molsons Bank.....	62	109
Merchants Bank.....	79	109
Eastern Townships.....	92½	107½
Commerce.....	101	117
Toronto Bank.....	118	175
Telegraph Company.....	185½	113

This gives some evidence of the prosperity of those institutions during the last few years.

Mr. MACKENZIE. Take 1878.

Sir LEONARD TILLEY. In 1878 the weeding out of the bad debts made during the previous years led, of course, to a reduction in the value of stocks, but when these bad debts were ascertained, they started in 1879 knowing exactly the basis upon which they stood. It would appear that the business operations of the Dominion had not been disastrous during the last five years, judging by the statement I have just given. I stated something about the rate of interest charged by the banks in 1884. The following statement shows it:—

1884—Rates of discount at Montreal, 7 to 8 per cent. throughout the year.
Loans on stock collateral varied from 5 to 6 per cent.
1879—Commercial discount easy at 7 to 8 per cent. for the first 7 months of the year; firm at same rates during the fall and easy again after harvest.
Stock loans range from 4 to 6 per cent., until December, when they advanced to 6 and 7 per cent.

We now come to the mileage of railways, to show what has been done during the last ten years. The following statement shows the railway mileage from 1875 to 1884, constructed and open. Statement of railway mileage, 1875 to 1884:

	Constructed. Miles.	Opened. Miles.
1875.....	.....	4,800
1876.....	.....	5,157
1877.....	.....	5,574
1878.....	6,865	6,143
1879.....	7,077	6,484
1880.....	7,229	6,891
1881.....	7,596	7,260
1882.....	8,069	7,530
1883.....	9,066	8,805
1884.....	9,949	9,575

This gives some evidence, I think, of the development of the country. Then with reference to the number of failures in Canada of which we have heard so much lately, there has been a very considerable increase; but if we take the five years from 1875 to 1879 inclusive, we find that the number of failures was 9,185, with liabilities amounting to \$143,128,724. From 1879 to 1885 there were 5,040 failures, with liabilities of \$57,467,724. The number of people engaged in business in 1884 in Canada was 69,924, so that the number of failures for that year would be equal to one failure for every 53 traders. Taking 56,000 traders, the number engaged in business during the five years ending 31st December, 1879, the average would be equal to one failure to 30½ traders; and taking 69,924 traders as the basis of the five years ending 31st December, 1885, the average would be equal to one failure to 75½ traders. Now a word or two as to the general condition of the country, and of the laborers of the country. I have before me an extract made recently from a speech of the leader of the Opposition, and I have a statement in tabulated form of the value of the different classes of labor in Canada, taken from the Bureau of Statistics of Ontario. There may be a question raised by the Opposition as to the statement made by the commissioners, that they were prepared by the employés of the Dominion Government, but as regards the statement made up in the Bureau

of Statistics of Ontario, I am quite sure hon. gentlemen opposite will accept it as quite correct. Mr. Blake, speaking at Toronto, attributed the prosperity of that city in part to the absence of highly protected manufactures, and as a consequence labor is better paid there than in other cities. I would call the attention of the House to one or two important facts.

Mr. BLAKE. I did not say that; that is not my speech.

Sir LEONARD TILLEY. Oh, it has been given to me as taken from the *Globe*.

Mr. MITCHELL. That is a bad source to get it from.

Sir LEONARD TILLEY. I think it is just what the hon. gentleman might say. But this is noticeable: One gentleman who has a seat on the other side of the House visits Montreal, and makes a speech to the Montreal people, pointing out the terribly distressed condition of Canada and its people, that the emigration from it is marvellous, that the taxation is something unprecedented, and in making his statement he finds it necessary, if correctly reported, to refer to the fact that in Montreal perhaps they had not experienced as much of this depression as they had elsewhere. I can imagine that, comparing the condition of Montreal to-day with what it was in 1878, a great many of that audience, if they were told they were in a worse condition than they were in 1878, would question the statement somewhat. It was found necessary for the hon. gentleman to refer to that fact, and, supposing that this report also was correct, it was an evidence that my hon. friend, the leader of the Opposition, speaking in Toronto, found it necessary to call the attention of the audience to the fact that matters were not as bad in Toronto as they were in some other places.

Mr. BLAKE. Hear, hear. So I did.

Sir LEONARD TILLEY. That is correct, then. That is very natural—that is what I wanted to get at—that matters in Toronto were better than they were elsewhere; and the statement which was given to me, and which he says is not correct—and, of course, I accept his statement—is that this was attributable to the fact that there were not as many highly protected industries there.

Mr. BLAKE. The hon. gentleman added, “and that therefore labor was better paid there.” I said that I did not make that statement.

Sir LEONARD TILLEY. But still Toronto was in a better condition; matters were better in Toronto than in other places, because there were not so many highly protected industries there.

Mr. BLAKE. No; I did not say that.

Sir LEONARD TILLEY. If the hon. member for Brant (Mr. Paterson) were making a speech in Brantford, where I am informed a quarter of a million of dollars have been expended in buildings in the last year, he would, no doubt, say that Brantford is an exception to other places. It would appear that, wherever hon. gentlemen go, it is necessary to show that the locality they visit is a favored locality. I think that, if I wanted to make a case, I would go to the locality which was the worst, and would point out to them their condition, and if they were warranted in the statement that it was the result of the National Policy, it would be endorsed by them and would have a greater effect. What said the hon. the leader of the Opposition:—

“I have no hesitation in saying to you that there is one test which I have always sought to supply when I have desired to consider what the material condition of the country was, and that test was, what is the material condition of the lowest class of honest labor in the country?”

Mr. BLAKE. Hear, hear.

Sir LEONARD TILLEY. Yes, and I endorse the whole of it:

“If I find the lowest class so fairly paid that there is enough for the support of a man and those dependent upon him, and something to lay up for a rainy day, I know that I need enquire no further.”

Mr. BLAKE. Hear, hear.

Sir LEONARD TILLEY. Well, I may say that the tables show a state of affairs which will enable me to comfort the hon. gentleman by showing it to him. This is taken from the statement of the Bureau of Statistics of Ontario, and it shows that the blacksmiths and their helpers, the boiler makers and their helpers, the bricklayers, the carriage-builders, the carpenters, the cigar makers, the cotton mill men and their laborers, the machinists, the moulders, the painters, the plasterers and their laborers, the printers, the sewing machine men, the tin and coppersmiths and the tool-makers, have a surplus averaging \$18 at the end of the year, comparing the receipts with their expenses during the year. This will be a comfort, I am sure, to the hon. gentleman. It appears that the plasterers are put down as costing more to live than any of the others. I do not know why that should be the case. Of course, they are not employed as many days in the year as some others, and their receipts would be less, but I cannot understand why they should expend more than the others. It is stated that the laborer works 265 days in the year, that he averages \$1.13 per day, that his yearly wages are \$304, and his expenditure \$255, which leaves \$49 for him as a surplus at the end of the year, and for a rainy day. This statement should make the hon. gentleman supremely happy. He should accept the condition of Ontario at least as prosperous, when the laborer receives a surplus over his actual wants and expenses. The leader of the Opposition, referring to the state of the country generally, in his speech on the Address, alluded to the city of St. John, the constituency I have the honor of representing. I cannot take exception to the tone of his language on that occasion, but his declaration was that, for forty years, as he had been informed, matters had not been as bad in the city of St. John as they are at present. I think I know something of the city of St. John as far back as forty years, and I have seen several periods since 1845 when the people of that city were in a much worse condition than they are to-day. I recollect when the laborers in that city, in order that they might be saved from great want, were employed by the corporation at 1s. 6d., or 30 cents a day to cut down the rocks of that city. I know that, under the peculiar circumstances of the country at that particular time, there was great want felt everywhere throughout the Province. I know there was great depression. I know that has occurred two or three times since the date to which I refer, but to a less limited extent. Nothing of that kind exists at the present day. But I would call the attention of the hon. gentleman to the fact that the city of St. John especially labors at this moment under certain disadvantages. Previous to 1873, there was a large ship-building interest in that Province. I know that in 1854 there were constructed 106,000 tons of vessels. It was then a very important industry in the Maritime Provinces, and especially in the Province of New Brunswick. At that time the city of St. John was the principal point where deals were manufactured from logs brought there. Now, a very large portion of the deals are manufactured near Fredericton, by Mr. Gibson, in mills owned and leased by him. The result has been that owing to the depreciation in the value of shipping, owing to the decreased demand for wooden vessels, owing to the depression in the shipping interests being so great at this moment that there is scarcely any demand for even iron ships in the old country, there is but a limited number of vessels being built in the Province of New Brunswick or the city of St. John to-day. And, Sir, were it not for the new industries that are being established and that are taking the place of those that will not be

restored to the position which they occupied from 1854 to 1868, there would be in that city and Province to-day an amount of depression much greater than that which now exists. The industries to which I refer have been replaced by other industries, and other manufactures have been brought into existence, and fostered by the operation of this tariff. Perhaps, Sir, it may not be out of place for me to say that to-night, in the city of St. John, there is depression and gloom. Unhappily within the last 48 hours a representative of that city and county, and a member of this House, has been summoned hence—a gentleman with whom I acted in concert for many years, a warm and a true friend and an honorable opponent, a gentleman I regretted to separate from on political issues, a gentleman universally respected and esteemed in that city, a kind father and an affectionate husband, a most enterprising citizen, and an able and zealous member of Parliament, has been taken away and to-day that city mourns. I take this opportunity, though politically opposed to each other of late years, of paying this passing tribute to his memory, because there are few men who could be removed from the city of St. John who will be more missed, whose loss will be more deeply felt, than that of the late ex-Minister of Customs. Sir, when I look at the country to-day and think what might have been its condition if we had not, in 1879, by the action of Parliament, established new industries in Canada, I think it is not so much a question of what depression exists to-day as it is of what would have been the depression in Canada had we not adopted a policy that has brought into existence the industries that have given employment, and are giving employment at the present moment to 50,000 more men and women than were thus employed in 1878. Sir, we know perfectly well that throughout Canada almost every city has thought it advisable to spend large sums of money for sanitary purposes. Take the city of Ottawa, for instance. When we came here in 1867 it was not as healthy a city to live in as it is at present. A large sum of money has been expended in the drainage and in procuring a supply of pure water. I know, myself, as a resident of the city and a house owner, that it costs more for water than it did when I first came here. But, at the same time, the reduction in insurance upon my property has been equal to the increased taxation, and the sum expended has given increased sanitary advantages to the city. And so it is in nearly all the cities of the Dominion of Canada. Sir, suppose that an epidemic should prevail here next year; suppose the cholera should, unhappily, be introduced into the cities of Canada, and large numbers of the population should be swept off by it. Why, Sir, it would be as inconsistent for some of the inhabitants of the towns to give as an evidence of the unwisdom of the expenditure for sanitary purposes, that the mortality had been increased by reason of this epidemic, and therefore to condemn that expenditure, though the death rate was not as great as formerly, as it would be for hon. gentlemen opposite, while this epidemic of bad trade exists all over the world, and has reached us to a certain extent, to denounce the protective policy because there are a few manufacturing factories that are not employed full time, and who have a less number of men engaged in them than they had six months or a year ago. I think the country understands this question very well, and I believe it will be found necessary for hon. gentlemen opposite, wherever they go, to use the language that has been used in some other cases, namely, that the locality in which they are speaking suffers less than other localities. Sir, I must apologise to you and the House for the time I have taken in quoting so many figures in laying these matters before Parliament. On former occasions, when referring to the amount of taxation per head of the population, I have merely stated the figures, but in this case I thought it necessary, in order to fortify myself, to take figures from

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the Public Accounts and from official documents of the United States, and submit them for your consideration, as proof of the position I have taken. I feel that whatever may be the opinion expressed by hon. gentlemen opposite, the fact that the Pacific Railway has been completed, and that the large amount of money expended on the canals in order to complete them, with the light taxation I have mentioned, warrants me in saying that the taxation of the country has not been increased. When you take into account the amount that has been contributed for the support of the Provinces by the legislation of last year, and when, notwithstanding all these liabilities so incurred, the net interest paid upon the debt is only 1 or 2 cents per head more than was paid in 1879—I say when this is known, there will be a general feeling of relief in the country and a conviction that we have obtained wonderful advantages for the Dominion of Canada in developing its resources, in increasing the value of our magnificent estate in the North-West, in laying the foundation for a powerful nation, and in enabling us to realize that we are a great and prosperous people, and at the same time are subjected to smaller taxation than almost any other country in the world. Mr. Speaker, I move that you do now leave the Chair and that the House resolve itself into Committee on the following Resolutions:—

1. Resolved, That it is expedient to amend the Tariff of Customs Duties and schedule of free goods, as follows:—

(1.) By adding to the free list Schedule B, the following articles now admitted free by Order in Council, under authority of sub-section 12 of section 230 of the Customs Act, 1883:—

Gas coke, when used in Canadian manufactures only.

Woollen rags.

Steel, imported for use in the manufacture of skates.

Musk, in pods or in grains.

White shellac, for manufacturing purposes.

Jute cloth, as taken from the loom, neither pressed, mangled, calendered, nor in any way finished, and not less than 42 inches wide, when imported to be manufactured into bags only.

Salt cake, being a sulphate of soda, when imported by manufacturers of glass and soap for their own use in their works.

"Foot Grease," the refuse of the cotton seed after the oil is pressed out.

Tagging metal, plain, japanned, or coated, in coils not over 1½ inches in width, when imported by manufacturers of shoe and corset laces for use in their factories.

Locust beans, for the manufacture of horse and cattle food.

Hoop iron, not exceeding three-eighths (¾) of an inch in width and being No. 25 gauge or thinner, used for the manufacture of tubular rivets.

Buckram, for the manufacture of hat and bonnet shapes.

Recovered rubber, and rubber substitute.

Silver and German silver in sheets for manufacturing purposes.

Steel of No. 20 gauge and thinner, but not thinner than No. 30 gauge, to be used in the manufacture of corset steels, clock springs and shoe shanks, when imported by the manufacturers of such articles for use in their factories.

Cotton yarns, finer than No. 40, unbleached, bleached, or dyed, and not finer than No. 60, for the manufacture of Italian cloths and worsted fabrics.

Steel in sheets of not less than 11 nor over 18 wire gauge, and costing not less than \$75 per ton of 2,240 lbs, when imported by manufacturers of shovels and spades for use exclusively in such manufacture in their own factories.

Red liquor, a crude acetate of alumina prepared from pyroligneous acid for dyeing and calico printing.

Iron liquor, solution of acetate of iron for dyeing and calico printing.

(2.) Also, by adding the following unenumerated articles to the free list:—

1. Precious stones, viz:—

Agate, amethyst, aqua marine, blood stone, carbuncle, cat's-eyes, cameo, cornelian, crystal, crysolite, crossodolite, emerald, garnet, intaglio, inlaid or incrustated stones, onyx, opal, pearl, ruby, sardonyx, sapphire, topaz and turquoise, not polished or otherwise manufactured.

2. Bichromate of soda.

3. Sulphate of iron (copperas).

4. Indigo auxilliary.

5. Fancy grasses, dried but not colored or otherwise manufactured.

6. Oil cake meal.

7. Paintings in oil or water colors, the production of Canadian artists, under regulations to be made by the Minister of Customs.

(3.) By adding to the following articles now on the free list, the explanations and additions attached to each respectively:—

1. Bolting cloths, of silk or worsted, not made up.

2. Borax, not ground or otherwise manufactured.