

Hazen,
Henderson,
Hodgins,
Hutchins,
Ingram,
Jamieson,
Kaulbach,
Kenny,
Kirkpatrick,
Langevin (Sir Hector),

Thompson (Sir John),
Tisdale,
Tupper,
Tyrwhitt,
Wallace,
Weldon,
White (Cardwell),
White (Shelburne),
Wood (Brockville).—103.

PAIRS :

For :

Messieurs

Against :

Frémont,
Flint,
Scriver,
Joncas,
Cartwright (Sir Richard),
Mackenzie,
Casey,
Bernier,
Legris,
Préfontaine,
Bourassa,
Gibson,

Ives,
Wood (Westmoreland),
Stevenson,
Chapleau,
Foster,
Smith (Sir Donald),
Reid,
Baker,
Pope,
Burnham,
Quimet,
Wilmot.

Mr. TROW. The hon. member for Gaspé, the hon. member for Yarmouth, and the hon. member for Huntingdon, have not voted.

Mr. SCRIVER. I am paired with the hon. member for West Peterborough (Mr. Stevenson).

Mr. JONCAS. I am paired with the hon. Secretary of State. It is almost needless for me to say that if I had voted, I would have recorded my vote in favour of the motion.

Mr. GUAY. The hon. member for Quebec County has not voted.

Mr. FRÉMONT. I am paired with the hon. member for Sherbrooke (Mr. Ives). I would have voted for the motion.

Mr. TAYLOR. The hon. member for Grenville has not voted.

Mr. REID. I am paired with the hon. member for West Elgin (Mr. Casey).

Motion negatived.

TRADE RELATIONS WITH THE UNITED STATES.

Sir JOHN THOMPSON presented a Message from His Excellency the Governor General.

Mr. SPEAKER read the Message as follows :—

STANLEY OF PRESTON.

The Governor General transmits to the House of Commons, further papers relating to the extension and development of trade between the United States and the Dominion of Canada, including the Colony of Newfoundland.

GOVERNMENT HOUSE,

OTTAWA, 16th June, 1891.

IN COMMITTEE—THIRD READING.

Bill (No. 47) to amend an Act to incorporate the Collingwood and Bay of Quinté Railway Company.—(Mr. McCarthy.)

ADJOURNMENT.

Sir HECTOR LANGEVIN moved the adjournment of the House.

Motion agreed to ; and House adjourned at 1.50 a. m. (Tuesday).

Mr. SAVARD.

HOUSE OF COMMONS.

TUESDAY, 23rd June, 1891.

The SPEAKER took the Chair at Three o'clock.

PRAYERS.

OFFICIAL REPORT OF THE DEBATES.

Mr. DESJARDINS (Hochelaga) presented the second report of the Committee appointed to supervise the Official Report of the Debates.

SHIPMENT OF LIVE STOCK.

Mr. TUPPER moved that the House resolve itself into Committee, to-morrow, to consider the following resolution :—

That it is expedient to pass an Act respecting the shipping of live stock, and to provide that the Governor in Council may appoint inspectors under the said Act and determine the remuneration to be paid them out of the fees which the Governor in Council may establish to be paid on live stock shipped on any ships carrying live stock.

Motion agreed to.

RED DEER VALLEY RAILWAY AND COAL COMPANY.

Mr. DEWDNEY moved that the House resolve itself into Committee to-morrow, to consider the following resolution :—

That it is expedient further to amend the Act forty-second Victoria, chapter four, intituled: "An Act to authorize the granting of subsidies in land to certain Railway Companies," and to provide that Dominion lands may be granted to the Red Deer Valley Railway and Coal Company to an extent not exceeding six thousand four hundred acres for each mile of the said company's railway, either from Cheadle Station on the Canadian Pacific Railway, to its terminus at a point in or near Township twenty-nine, Range twenty-three, west of the 4th Meridian, a distance of about fifty-five miles, or from the Town of Calgary, in the District of Alberta, in the North-West Territories, to its said terminus in Township twenty-nine, Range twenty-three, west of the 4th Meridian, a distance of about seventy-five miles.

Motion agreed to.

WAYS AND MEANS—THE BUDGET.

Mr. FOSTER. Mr. Speaker, in rising to move that the House go into Committee of Ways and Means to consider of the Supply to be granted to Her Majesty, I desire to ask the indulgence of the members present for a very short time while I make a very brief, I hope a plain and pertinent statement with respect to the finances of the country, the operations of the past and present years, so far as the present year has gone, and some estimates with respect to the succeeding year. It may be stated that in two particulars Canada has not in the past years we have under review been so fortunate as we could have desired her to have been. The harvest, which gave good promise in the opening of the last year, did not fulfil the prospects which were formed with respect to it, and was, therefore, not so abundant as could have been wished, and not so abundant as we have had in some former years. The lumber interest of the country finds itself handicapped to a certain extent in the British markets, chiefly by the overcrowding and overstocking of that market, and to a certain extent as well in the South American markets, owing to the general disturbances which have taken place in some of those countries which were large customers for certain classes of lumber, as a result of

financial mismanagement and internal revolution and commotion. Outside of these two points in which we hoped that Canada would have had a more prosperous year than she has had, I think there is nothing to prevent us from congratulating ourselves in this House and in the country upon the general state and condition of our trade, our industries and our products. Our harvests, although, as I have said, not very abundant, were, taking the country all round, of a fair average, and the prices received for our agricultural products were probably a considerable amount higher than in the preceding year, so that the total net results for the country at large was not so unfortunate as might have been thought at first. For the present year, although we cannot, of course, tell what may happen as the months develop, the prospects, especially in Manitoba and the North-West and in certain parts of the older Provinces, are fair; a largely increased area, especially in our western country, has been placed under crop, and at the present time the prospects there are of the brightest. With reference to the foreign trade for the year 1889-90, I may say that the aggregate trade was some \$14,000,000 in excess of its preceding year and marked one of the best years in the history of Confederation, being some \$65,000,000 in excess of the trade in 1878-79, the last year of the Administration which preceded the present Government. The exports for the past year under review were \$7,500,000 more than they were in the year 1888-89 and some \$25,000,000 in advance of the exports for the year 1878-79. There was a gratifying increase of the trade between Canada and Great Britain of \$7,000,000 over and above the year 1888-89, and our trade increased to a greater or lesser degree with France, Germany, Portugal, Italy, Holland, Belgium, China, Japan and Switzerland. There was a decrease of about \$1,000,000 in our trade with the United States of America, a slight decrease in our trade with Spain, and somewhat larger with Newfoundland and with South America and the West India Islands. The decrease in trade with some of these countries was because of reasons which I have previously stated, and I may say as well in this connection that, carrying out the promise of the preceding year, the current year which we have now completed will show a gratifying increase of exports over the very large increase of the previous year. Our home trade, taking our country through, so far as it appears to one looking with a broad glance at it, is, on the whole, in sound condition. Some branches of our industries are flourishing, while others are not so fortunate in that respect. But taking it all in all, I think it is an opinion which will be borne out by financial men, that the trade condition of the country is a sound one if it is not a very flourishing one. Our inter-provincial trade, which year by year has been becoming more and more a factor and an incident of our development, has its steady increase, and although we have not at hand an unerring means of denoting by statistical records what the exact increase in volume of this trade is, yet from certain large indications that we get we are assured that it is a constantly increasing factor, and that it carries with it all that increased energy and life and prosperity which comes from such a field of activity. Aided by our railways; trunk lines which have been built and which are now in the best of running condition, and smaller and more circumscribed lines, but in

their way not less important railways, which develop certain local centres and pour out upon the trunk lines their contributions to commerce, both of these conjoined are, year by year, under prudent and skilful management in the main, accessory to the development of the trade of the country in this respect. Last year has seen an increase, too, in the mining activity of Canada. The Government, by its regulations put in last year's tariff providing that mining machinery of a class and kind not made here should be admitted free of duty for three years, has aided in that activity. The iron bounty is having its results, and in some parts of our country there will be this year large accessions to the productive power of Canada in that respect by capital which is at present being invested in that industry. The visit of the British Association of Miners and Engineers, which was paid incidentally to this country in connection with their annual meeting, has been, I am assured, of great importance to the future development of our mineral wealth. The opinion of experts and the actual views in the country of men who were pre-eminently practical and scientific in this regard, is having its effect in making better known the large and important resources of the Dominion. I must not omit to mention the benefit arising from the labours of our own department, which is partially charged with that, nor ought I incidentally to omit referring to the good which has come from the Commission which was appointed by the Ontario Government, whose labours were very thorough and the information given by which was very complete and of great importance. The immigration of the past year, although it has not been so large in volume as some of the preceding years, has been of a class which is thoroughly satisfactory, I think, to this country. It comprises a class of men who have responsibilities, who have money, who have experience more or less in actual farming, and who come into this country prepared to make their home and stay here, and with a skill and knowledge which is necessary for the development of the properties into which they come. I am sure that the recent visit of the Farmers' Delegates, so thorough and general as it was, and which has been succeeded by one of the most practical and complete reports which I have ever had the pleasure of reading, will have the effect of awakening an increased interest in Great Britain and other countries of Europe, and will be followed by its fruits of an increased immigration of the class of settlers which we particularly desire to have in this country. Our moneyed institutions have, on the whole, stood well the trying crisis of the past year. Whilst in the United States of America bank after bank has fallen under the stress and stringency of the money market, whilst in Great Britain and in London, the centre of the world's money market, there has been great suspense and great trouble and great stringency; our banks in this country have pursued the even tenor of their way; a gratifying fact which is, I think, partly due to the good system of banking which we have in Canada, but which is, perhaps, chiefly due to the practical knowledge and prudent skill of the men who have our banking institutions in charge, and who take cognizance of the signs of the trade of the world as they appear from time to time and accommodate themselves in a skilful and prudent way to these necessities, and who also heed the warnings which are obtained in that way and so steer a prudent course.

Our credit abroad stands as in preceding years ; and although the financial troubles which have occurred over the civilized world, and which have been especially felt in the money markets of Europe, have had the effect of depreciating our securities, as the securities of all other countries and all other colonies have been for the time depreciated, and even the British consols themselves, yet our securities stand in comparison better than those of our sister colonies, and, taking all things into consideration, they hold their own in every respect. I think we can congratulate ourselves upon the buoyant nature of the revenue of the past financial year, a revenue the largest in the history of this country, a revenue which did not come from increased taxation as a result of changes and additions to the tariff, but which is an evidence of the power of the people to buy, and consequently marks to a certain extent their prosperity and the soundness of their financial condition. I think we may congratulate ourselves, too, upon the balance which has been kept between the revenues and expenditures of the country, as will be more apparent when I take up those matters in detail. Altogether, Mr. Speaker, to leave this branch, which may serve as an introduction to what is still more germane and pertinent to the question in hand, I think we may say that we have a happy, a united, a progressive, and a right-minded people, who are glad to live in this country and under Canadian institutions, who have a hopeful outlook with reference to the future, and who are full of progress and activity at present. Now, Mr. Speaker, if the House will allow me, I wish to deal for a moment with some more general trade interests. It is within the memory of the members of this House that some two or three years ago I had the pleasure of introducing resolutions which looked to the formation of lines of steamship communication towards the West Indies, towards Great Britain in the matter of a more rapid and better equipped Atlantic line, and towards Australia, China and Japan in respect to improved and regular steamship communications on the Pacific Ocean. I am very glad to say, with reference to these lines, that two of them have been established, and at the present time, I believe, have been well established. Different lines of steamers to the West Indies were started in part as an experiment, and with a desire, if possible, to open up trade by couriers of a regular and more speedy kind, with the islands of the Carribean Sea and some of the coasts of South America ; and although difficulties have been met—very great difficulties, of which the House will know when we take up those particular subjects—I believe I may say to the House that these lines are now fairly well established, under conditions as good as we may hope to obtain at the present, and on a standing and a basis upon which they will be able to prove in the course of two or three years, I hope to the satisfaction of this House and the country, that there lie in those islands to the south of us possibilities of a large and remunerative commerce, as regards especially branches of trade which are complements of each other, and to which in neither country is there home competition, but only the competition from outside. With reference to the Pacific, I may state that the line of vessels which was subsidized by the British Government, and in part by the Canadian Government, has at length been established ; and within

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the last two months the first of those well-built, finely-equipped and speedy vessels has been put upon the route, and passengers and mails have come from the far East across the Pacific Ocean, across our Canadian part of this continent and home to the old country in a space of time surprisingly short, which has elicited astonishment and comment of the most gratifying kind from the press and public men of Great Britain and the continent of Europe. We have, as a Government, put forth every possible energy to have the fast Atlantic line established as well. The House is cognizant of the history of that line up to the past year. During last year we entered into a provisional contract with a company which had very great financial strength, and of which Mr. Bryce Douglas was the agent on this side of the sea. Mr. Douglas visited this country and personally inspected the Canadian Pacific Railway and the ports upon the Pacific ; and I may state that he was very enthusiastic both with reference to the prospects of this country and the prospects of a remunerative trade being built up across the country and across the Atlantic, sufficient to warrant the placing of vessels of the best style and equipment between our ports and the ports of Great Britain. A provisional contract was entered into, and, if it had not been for two reasons, one of which, and not the least important, was the disorganization which took place in the money markets at home, for reasons which are well known to hon. gentlemen on both sides of the House, but, more especially, the sudden and lamented death of Mr. Bryce Douglas himself, who was the soul and the inspiring genius of the company, I think we would have been able to inform this House that a hard and fast contract had been entered into for a line of steamships equal in style and equipment to the best that plies between the ports of New York and the ports of Great Britain and the continent ; but the death of Mr. Douglas, especially, and the disorganized state of the money markets, has postponed this project, and the Government has again to try its hand, with the aid of the liberal donation which Parliament has placed at its disposal, with the view of bringing about what both sides of this House have declared by their votes and confidence they wish to see accomplished. Since last year the McKinley Bill, which was under discussion when this House was in session, and the main features of which were thoroughly settled before we separated, has gone into active operation. That Bill was looked upon with much apprehension and much hesitation by large interests in every part of this country. It threatened some of our trade interests ; it certainly pointed to a displacement and a diversion of trade in several important particulars. Canada has had some months of experience of its operation ; and, so far as I can see, upon a fair and just retrospect of the months that have passed, and the industries that have been affected, the industrial interests of Canada have stood the strain well, being far less harmed than was anticipated when that Bill was under discussion and when it was about to be passed by the Congress of the United States. The people of Canada, whilst, in some respects, they deplored some features of that Bill, knew that, so far as the Governments of Canada had been concerned, from 1867 up, no fault could be attached to them if there was not a better basis of trade relations between the United States and this country than actually existed. They

knew that when, in 1866, the old reciprocity treaty was abrogated, that abrogation took place, not at the desire of Canada, but at the express instance of the United States, and they knew that, from that time up to the present, time and again, Canada has made advances, in a fair and honourable spirit, for the resumption of the old or the inauguration of new relations upon some fair and equitable basis. Looking back at the results which followed the abrogation of the old reciprocity treaty, the people of Canada, although they deplored some features of the McKinley Bill, did not think, viewing their past circumstances, present condition, and future prospects, that they had reason to become discouraged or be less hopeful than before. Looking back to 1866, and knowing that there was then found sufficient trade energy and skill and purpose in this country to convert what was then supposed to have been a great evil into what actually turned out to be a real good, inasmuch as it put Canadians upon their own mettle and energy and made them carve out for themselves fresh and remunerative channels of trade and commerce, they felt that, though they would fain have wished for better relations with the United States, they had ample resources, ample energy and a wide field about them; and setting to work, with that business energy and pluck which is characteristic of Canadians, they met the situation without grumbling or becoming despondent, and with a cheerful and hopeful facing of the future. Sir, that McKinley Bill had barely passed when, at the instance of a large interest in this country, I sent a skilful and practical man to Great Britain, who made a thorough investigation into one branch of trade which, it was supposed, would be seriously affected by the McKinley Bill, namely, the egg trade; and the investigations he made, and which have been since continued, by the High Commissioner, have resulted in a mass of information and a settled conviction, not only in this country but Great Britain as well, that for eggs and poultry there exists on that side a market of unlimited dimensions, in which home competition is at a minimum and the demand continually progressing, and in which, when we have studied and thoroughly mastered, as can be easily done, its wants and idiosyncracies, we may find a continual and unlimited market for the articles we may choose to raise and export. Statistics show, beyond a doubt, that in the United States market, the demand for our surplus eggs was becoming every year smaller, because of the home competition and the increase of the home supply. Statistics show, on the other hand, that in Great Britain the demand is constantly outrunning the supply, and that there is no probable time in the future when it will not be measurably greater than it is at present. And what is true with reference to eggs is true, in part, with reference to poultry and live animals, and hay and other commodities. And I do not fear to assert and stake my reputation on the future turn of events, when I say it, that, just as that market which, for live stock, cheese and certain other commodities, was a few years ago very limited and has since expanded, until to-day it gives to our trade millions of dollars and the certainty of remunerative prices, so it will, in regard to these other articles, follow the same line and be productive of equal profit to this country. I am sure that no man in this House could wish for any-

thing else, and all must wish for this result. And I see no reason, from past experience, after studying the conditions of the trade, to warrant me in making my statement less strong than I have made it. With reference to the West India trade, some attempt has been made in past years to foster the Canadian trade with these islands. Steamship companies were subsidized with that end in view, and last year, under the authority of Council, I had the pleasure of visiting those islands and of having conferences with their Governments, and merchants and people, in order to find out for myself something more intimately of the condition and the prospects of trade between our country and those islands. And what did I find there? I found, in the first place, the people of the British West India Islands most fairly disposed towards this country. They greeted with pleasure the interest which had been evinced by my visit to them. They had only the warmest feelings for their brethren further to the north and, without exception, expressed themselves as heartily in favour of all possible extension of trade between those islands and Canada. Just about that time, the McKinley Bill came into operation, with its diverse effects upon the people of the West India Islands, and this measure gave them much to think about before they could accept the proposition I was authorized to make, of a differential treatment of the products required by the one country from the other. Owing to the passage of the McKinley Bill, very grave thought and very serious consideration had to be given by them at that particular juncture before they could accept our terms or declare themselves in any way with reference to my proposition. Sir, the mistake Canada made was in not putting steamships upon that route 12 or 15 years ago. If we had done that, we would have opened the channels of trade between both countries previously to the opening of the steamship lines between the islands and the United States, and we would have had already a trade in large part established with all the advantages that come from it. But while we were lying idle, not doing our duty, steamship lines regular and frequent had been sent from the ports of the United States, business channels had been opened, and business relations formed, and along these the lines of trade and interest ran until at present Canada has to introduce her wares in competition with an old and long-established business interest. But, Sir, I am convinced that, when careful thought has been given to this, and when the results of the McKinley tariff and the reciprocity clause in connection with it comes to be fully worked out, there is a great probability that the people of the West India Islands, who are so well disposed towards us and are so willing to trade with us in every possible way, will be willing, and not only willing but glad, to meet with us in order to arrange a mutually beneficial system of trade between their islands and this country. Sir, it may be—it ought not to be—but it may be a favourite pastime of some people to ridicule the idea of trade between Canada and the West India Islands. We ought not to do that. The West India Islands, inhabited, it is true, in large part by black people, have a large population which consumes very largely, and the aggregate trade of those islands to-day amounts to more than \$75,000,000, nearly one-half of which consists of the import of articles

which are specialties of Canada, so far as their production is concerned. They consume those articles which are our natural products and the products of our industries which, when they are introduced into the West India Islands will, I am convinced, find a ready reception there. That this is the fact is proved by the result of the last year's work, and by the results which are just beginning to be apparent, of the exhibition which took place in Jamaica, where Canada made a most important and a most successful exhibit, where she disabused the minds of our island brethren of many prejudices and wrong conceptions which they had had in regard to us, where she displayed her wares and her goods to the best advantage, and where she proved to them that a mutually advantageous trade could take place, and laid the foundation for that trade in actual sales, in many orders, and in prospective trade, which those who had their exhibits there informed me speaks well for future commerce between that country and ours. Then, we have had, during the past year, an answer from the United States of America, different from any answer which has been received from 1866 up to the present time. The papers have been laid on the Table of the House, or at least a part of them. They will form a subject of discussion later on. Suffice it for me to say at the present moment that on an invitation given by Mr. Secretary Blaine—

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER,—the delegates from Canada went to Washington for the purpose of having an informal conversation with Mr. Blaine, and talking over the possibilities of trade relations between their country and ours. They went there, and at the expressed desire of the United States, and, for their convenience and not for ours, the President of the United States asked us to postpone that informal conference which was appointed at that time, and to meet on his own invitation in a formal conference to be held in Washington in the month of October next. That is the state of things as it exists. In response to the offers which have often been made through the British Ministers and otherwise, that is the first time when the United States Government have intimated that they are willing to sit down with us and canvass fairly and freely the basis of a trade arrangement. It is not my business at present, nor would it be prudent for me to lay down the lines or go into details as to what will be the policy of the Government, when this meeting takes place in October. But I may say this, that the Government holds itself ready, as the Liberal-Conservative Governments have always done, to meet the United States on a fair and equitable basis and with the sincere and earnest desire to remove all differences that exist and to give the greatest freedom of trade compatible with the best interests of this country in its relations with the United States of America. Certainly no Government of a self-governing and self-respecting country should be asked to do more. Further than this, we can state that while we are willing to make all the concessions that on these lines can fairly be made, we are not willing to go so far as to injuriously shut ourselves out from the trade which we have with Great Britain and the other countries in the world, that we are not willing to forego, for a doubtful gain, the substantial advantages which we have enjoyed

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and expect to enjoy from our relations with the mother country, from which connection we have reaped so much in the past and from which we hope so much in the future. But, so far as is consistent with the best interests of this country and in the broadest commercial and national sense, having regard to our standing as a country forming a portion of the Empire, we are prepared to go as far as these considerations will allow us, and not one single step further. And the Government of the United States would not require more. The Government of no self-respecting country would ask for more, but would honour that country which would maintain the position of self-respect which we inevitably must take. I do not despair that, when our conference takes place in October, if disturbing conditions are not injected which might bring about a defeat, it may be found possible for relations to be formed which will place our intercourse with the United States on a more satisfactory footing than it is to-day. So much with regard to these general matters. Passing to another point, I wish to take up the change which has been made in regard to our Dominion Savings Banks. The members of the House who have followed the constitution of these banks, and the regulations under which they have been conducted, know that the rate of interest and the amount of the deposit have been frequently changed. On December 24th, 1877, the limit was placed at \$1,000. In 1880, the limit was \$3,000. In 1886, it was made \$1,000; and in 1887, the maximum was placed at \$1,000, with a further limit of \$300 a year as the maximum for a yearly deposit, and in 1889 the rate of interest was reduced to 3½ p.c. Previous to making that Order in Council and subsequent to it, the balance which had heretofore existed upon the side of deposits, came to be changed, and from August, 1889, up to the present time, each month, almost without exception, has seen a withdrawal from the savings banks of the country, larger than the deposits which were placed therein. This is not wholly due to the change in the rate of interest, inasmuch as the withdrawals commenced in excess of deposits some months before the lower rate of interest came into operation. However, it has gone on, and for several causes which might be named, until we find that in the year 1889-90 there was a net reduction of nearly \$2,000,000. This reduction, however, does not show a loss in the gross deposits of the country, and consequently in the earnings of the country at large, but rather a transference. As proof of the statement I make, I have here a table prepared as follows:—

	DEPOSITS IN BANKS ON 31ST MAY.					
	1889.		1890.		1891.	
	\$	cts.	\$	cts.	\$	cts.
In Post Office Savings Banks	22,132,854	19	21,357,554	67	21,130,429	26
In Dominion Savings Banks	19,214,227	95	18,498,290	34	17,114,889	84
In Chartered Banks payable on demand . . .	55,165,595	67	51,440,101	67	56,522,473	82
In Chartered Banks payable after notice or on a fixed day.	68,795,851	55	74,629,147	67	84,679,400	27
City and District Savings Bank and La Caisse d'Economie	10,728,563	45	10,778,164	86	10,994,546	49
	<u>176,037,092</u>	<u>81</u>	<u>176,703,258</u>	<u>81</u>	<u>190,441,739</u>	<u>68</u>

From this it appears that the gross sum of the savings of the country and the deposits of the country in the different savings banks for 1889, amount to \$176,000,000; in 1890, to \$176,700,000; in 1891, to \$190,500,000, thus showing that the total savings and deposits of the people of the country in 1891 had increased about \$14,000,000; so that whatever withdrawal there was from the Government and savings banks, is not at all to be taken as a sign of lessened earnings or of lessened savings of the country. Part of it has been due, since the Order in Council was passed, to the change which has taken place in the policy of the banks of the country, the Bank of Montreal, and by other banks, having introduced savings departments or branches, in which they take sums as low as one dollar, and have been paying interest at the rate of 4 per cent. upon them, and this accounts in part for the withdrawal, I am sure, of some of the savings from our banks. However, in order to meet the withdrawals from the savings banks, and which is, in some respects, a redemption of debt, and in order to meet the redemption of debt which fell due from time to time instead of going upon the market for loans, I have been, during the last year, obliged to have temporary loans negotiated by our agents with banks in London, in order to meet these withdrawals and these redemptions of debt. These loans are, as I have said, temporary; they run for twelve and six months, to expire on the first of July in the present year, when arrangements will be made and are now nearly completed, I believe, for their being carried on for six or twelve months longer. This is necessitated from the fact that the state of the London money market, and the state of securities upon that market, make it an imprudent thing for the Dominion of Canada, with a due regard to the high position that our credit has obtained, to go for any regular loans under present conditions.

Sir RICHARD CARTWRIGHT. The hon. gentleman might as well state the amount of the loan, and the rate of interest paid?

Mr. FOSTER. The amount of the loan is £400,000, on the 30th June, 1890; and £600,000 in December, 1890, one running for twelve and the other for six months, the rate of interest being, the first 4 per cent., and the second 4½ per cent.

Sir RICHARD CARTWRIGHT. Is that all, or did you borrow any more?

Mr. FOSTER. That is all we have borrowed.

Sir RICHARD CARTWRIGHT. Do you propose to borrow more?

Mr. FOSTER. We may have to borrow a little more. It depends largely upon the withdrawals which we have to meet. Turning now to the year 1889-90, the results may be tabulated as follows:—

	Estimates.	Receipts.	Difference.
Customs.....	\$24,000,000	\$23,988,953	-\$ 31,046
Excise.....	7,000,000	7,618,118	+ 618,118
Miscellaneous	8,200,000	8,292,853	+ 92,853
Totals..	<u>\$39,200,000</u>	<u>\$39,879,935</u>	<u>-\$679,925</u>

From this it is seen that while there was a slight falling off from my estimate in Customs, there was a large increase in both Excise and Miscellaneous, making the receipts in all nearly \$700,000 in excess of the estimated revenue. It is, however,

only fair to say that the large increase in Excise was due to the fact that on the 1st July of the current year, the law respecting the keeping of spirit in tanks for ageing purposes, for two years, came into effect, and that a large withdrawal, contributing duties amounting to \$400,000 or \$500,000, was thereby thrown upon that year, instead of coming, as it otherwise would, into the current year. Compared with the revenue of 1888-89, there has been an increase of \$1,097,055, of which—

Customs gives an increase of.....	\$ 242,170	or 1.02 p.c.
Excise gives an increase of.....	731,379	“ 10.62 “
Miscellaneous gives an increase of.....	123,506	“ 1.51 “
Totals.....	<u>\$1,097,055</u>	<u>“ 2.90 “</u>

The following is a list of articles from which we received increased Customs duties in the year under review. None of them are very large, the largest item being that of wines and spirits, which was partly in anticipation and to a certain extent the result of the higher duties which were placed on these last year.

Ale, beer and porter.....	\$ 7,424
Animals, living.....	15,178
Arrowroot, biscuit, &c.....	22,359
Grain of all kinds.....	71,093
Cement.....	26,804
Coal and coke.....	96,486
Copper, and manufactures of.....	7,997
Drugs, dyes, chemicals, and medicines..	25,955
Embroideries, N.E.S.....	4,639
Fish, and products of.....	4,212
Fruit and nuts (dried).....	12,776
Fruits, green.....	12,598
Gloves and mitts.....	112,975
Gold and silver, manufactures of.....	7,616
Gunpowder and other explosives.....	10,486
Gutta percha and India rubber, manufactures of.....	29,716
Lead, and manufactures of.....	16,565
Oils, coal and kerosene.....	23,486
Oils, all other.....	26,003
Paper, and manufactures of.....	23,843
Paints and colours.....	2,878
Provisions.....	36,807
Salt.....	7,149
Soap.....	19,836
Spirits and wines.....	179,410
Stone.....	17,019
Molasses.....	10,012
Sugar candy.....	8,787
Seeds and roots.....	15,713
Tea.....	5,030
Tobacco, and manufactures of.....	12,912
Vegetables.....	21,337
Watches.....	10,315
Wool, and manufactures of.....	193,661
All other.....	254,535

In the undermentioned articles there has been a decrease in the duties collected as compared with 1888-89:

Flour and meal of all kinds.....	\$ 25,586
Brick and tiles.....	6,215
Carriages.....	29,384
Cottons, manufactures of.....	60,988
Fancy goods.....	9,967

Flax, hemp and jute, manufactures of..\$	17,888
Furs, and manufactures of	11,693
Glass, and manufactures of	15,520
Iron and steel	35,218
Leather, and manufactures of	93,700
Musical instruments.....	26,248
Silk, manufactures of.....	33,311
Sugar of all kinds	824,176

I may mention that the largest article in the items of decrease is that of sugar of all kinds, which show a decrease of \$824,176, showing that that year was not at all a normal year, the causes for which are variously explained. In Excise an increase has taken place in respect of every item upon which Excise duties are levied, as will be seen from the following table, in which it will be found that there was a large increase in Excise, explained, as I have stated; an increase not to a very large amount in malt, an increase in cigars, and a slight increase in tobaccos and snuffs. In Excise an increase has taken place in respect of every item upon which Excise duties are levied, as will be seen from the following :—

	1888-89.	1889-90.	Duty accrued, 1889-90.	Increase over, 1888-89.
Spirits	2,972,931 Gals.	3,574,799 Gals.	\$4,617,643	\$746,910
Malt..	51,111,429 Lbs.	54,974,013 Lbs.	557,021	39,597
Cigars	92,579,570 No.	98,802,951 No.	593,710	40,098
Tobacco and Snuff.	9,749,143 Lbs.	9,802,951 Lbs.	1,850,621	12,027
Total.....			\$7,618,995	\$838,622

On the whole, it cannot be said this shows a very great increase in the consumption of these liquors the country through, inasmuch as if you take the estimate I made with respect to Excise and the increase of population, the increase *per capita* shows no very great increase over the preceding years, and stands at the present time far less than it did on the average in 1867. This will appear from the following table :—

	PER CAPATA CONSUMPTION OF LIQUORS AND TOBACCO.			
	Spirits.	Beer.	Wine.	Tobacco.
	Gals.	Gals.	Gals.	Lbs.
Average since 1867.....	1'168	2'664	'142	2'117
do 1888-89.....	'776	3'263	'097	2'153
do 1889-90.....	'883	3'360	'104	2'143

The expenditure in 1889-90 I estimated at \$36,500,000, the actual expenditure was \$35,994,031 ; that is, the actual expenditure fell below the estimate \$505,969. On the other hand, the expenditure of that year fell below the expenditure of the previous year \$923,803. So that, with a saving in expenditure as regards the estimated amount, a saving in the total expenditure as compared with the preceding year and an excess of revenue over what was estimated, there is a gain which accounts for the large surplus over and above what I had anticipated. Increases took place as compared with the expenditures of the previous year, as follows :—

Sinking Fund.....	\$150,593
Civil Government.....	27,133
Legislation.....	231,017

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Administration of Justice.....	23,978
Penitentiaries.....	30,403
Superannuations.....	22,831
Railways and Canals.....	25,529

And an increase of \$309,603 in the services chargeable to Collection of Revenue. But, on the other hand, there were marked decreases in the following :—

Interest on Public Debt.....	\$492,090
Charges of Management.....	15,940
Premium, Discount and Exchange.....	27,242
Immigration.....	92,408
Quarantine.....	17,807
Militia.....	36,538
North-West Mounted Police.....	76,608
Public Works.....	326,730
Mail Subsidies, &c.....	17,939
Ocean and River Service.....	154,052
Lighthouse and Coast Service.....	45,664
Marine Hospitals.....	10,603
Fisheries.....	26,702
Subsidies to Provinces.....	146,505
Miscellaneous.....	237,964

Taking, then, into consideration the fact that the revenue gave more than I anticipated, that the actual expenditure fell below the receipts, I am able to say to the House that on Consolidated Fund Account, after all the services for which appropriations have been made had been taken care of by the Government, there remains a surplus of \$3,885,893 over the ordinary receipts. That is not, however, to say that we have the sum of \$3,885,893 actually in pocket. There are capital expenditures as follows :—Railways and Canals, \$3,419,132 ; on Public Works, \$495,421 ; Dominion Lands, \$133,832 ; North-West rebellion claims, \$4,773, to which, if we add the railway subsidies, \$1,678,196, and the transfer of the Cobourg debentures, \$44,496, we have a total capital expenditure of \$5,776,301. So that, Mr. Speaker, the account as a whole of expenditure and income stands in this way : That we took care of the ordinary expenses of the country out of the Consolidated Fund, that we laid up in the Sinking Fund against our debt and for the reduction of the debt, \$1,887,237, and had a surplus of \$3,885,893 which we placed over against capital expenditure, and came out at the end with an increase of debt of only \$3,170. It, therefore, appears that the statement I made in this House three years ago, and which met with severe ridicule from hon. gentlemen opposite, comes out very nearly verified. I stated that I thought by 1891 an equilibrium ought to be had between expenditure and income, taking in capital expenditure as well as expenditure on Consolidated Fund account, and this has taken place with the trifling exception of \$3,170, which is merely nominal. So that the net debt on 30th June, 1890, is \$237,533,211, or within a few dollars of the sum it was one year previous. Sir, it may not be amiss to lay before the House the course of the finances during the last three years. The expenditure on Consolidated Fund in 1887-88 was \$36,718,494 ; 1888-89, \$36,917,834 ; 1889-90, \$35,994,031. The revenue was, 1887-88, \$35,908,463 ; 1888-89, \$38,732,870 ; 1889-90, \$39,879,925. The deficit in 1887-88 was \$810,031, in 1888-89 the surplus was \$1,865,035, in 1889-90 it was \$3,885,893. The capital expenditure has kept almost the same for three years, being nearly an average of \$5,500,000, the amounts being : 1887-88,

\$5,464,502; 1888-89, \$5,267,035; 1889-90, \$5,731,354. The net debt had increased, in 1887-88, \$7,216,583; in 1888-89, \$2,998,983, and in 1889-90, \$3,170. The rate of interest on the gross debt was, in 1887-88, 3.45; in 1888-89, 3.52; in 1889-90, 3.37, the lowest rate it has reached, with the exception of one year, since Confederation. The net rate of interest on debt was, in 1887-88, 3.12; in 1888-89, 3.07; in 1889-90, 2.99, the lowest point it has reached since 1867. The average interest *per capita* on the net debt, which is the burden of the debt on the people as shown by the payment for interest, was, in 1887-88, 1.79; in 1888-89, 1.74; in 1889-90, 1.65, or only 6 cents more per head than it was in 1879, before the Canadian Pacific Railway was begun to be built or the vast expenditure on canals made. Coming now to the present year, which is pretty near completed, and about which, therefore, we have fairly certain data, I may state that the estimate for Customs made last year was \$23,500,000, for Excise \$7,000,000, and for Miscellaneous \$8,700,000, or a total of \$39,200,000. Up to 20th June, 1891, the receipts amounted to \$36,606,357, and if we receive the same revenue for the remaining ten days as we received last year, the total revenue will reach \$38,858,701. So there will be a decrease from my estimate of somewhere in the neighbourhood of \$800,000. The expenditure up to 20th June, 1891, was \$30,249,329, and if we take the expenditure of last year as a measure for the expenditure for the remaining period of this year, which was \$5,619,427, our total expenditure on that basis will be \$35,868,757. But between 20th June and 30th June of this year there are extraordinary expenses which were not met in the same period of time last year, the items for legislation, for the census, and one or two others. Therefore we must add \$345,000, which will make the expenditure in all probability about the region of \$36,000,000, so that the expenditure for 1890-91, deducted from the income of 1890-91, will give for this year a surplus of about \$2,100,000, which is again on the right side of the account. The capital expenditure for 1890-91 has been kept far below that of the preceding year. For Public Works we estimate altogether, with what we know has been actually spent, \$500,000; Railways and Canals, \$2,300,000; Dominion Lands and Railway Subsidies, \$1,400,000, making a total capital expenditure in the neighbourhood of \$4,200,000. If we take the Sinking Fund, \$1,900,000, which again is laid up against our debt and is so much in reduction of debt, and the surplus of \$2,100,000, we will find that as between that and the capital expenditure we will come out within \$100,000 or \$150,000 of being equal, whereas last year we came out within \$3,071. This cannot be stated at present to a certainty, but it will not exceed the sum I have named. As regards 1891-92 I cannot make any well-defined estimate. There may be certain changes in the tariff, if the good will of this House carries out the intention of the Government which will affect to a certain extent any estimate which could be made; suffice it to say that the revenues for next year, upon what basis I can estimate for at the present time, will be in the neighbourhood of \$37,500,000.

Sir RICHARD CARTWRIGHT. Will you give the details?

Mr. FOSTER. The details I can scarcely give,

but I think I will have a little more to say about that by-and-by. So much, then, with reference to the condition of our finances. I now go to another and, may be, more interesting section of my subject. Last year the House will remember that we had a rather extended revision of the tariff. I am not one of those who believe that in a country like this, with a protective tariff which is based upon the condition of the industries which require protection, and the condition of industries in other countries and of the labour markets of other countries—I am not one of those who believe that there should be a cast-iron tariff for a stated period of years; conditions change, and with them, if we are reasonable and prudent, we must change the conditions of our fiscal policy. Neither am I, on the other hand, one of those who believe that it is best for the general interest of the country that too frequent tariff revisions should be made. This year I have had pressed upon me, not a very large number I must say, but still a considerable number of changes in the tariff, some of which possess great merit, and if I were making a general revision of the tariff I should certainly recommend them for the consideration of the House; but taking into account the fact that last year we had a rather extended tariff revision, that this is a summer session and is going to be a short and a hot one, and that we have commercial negotiations on foot between ourselves and the United States, I put these three considerations together as a very good reason, which I think the House will approve of, for the decision that the Government has come to, to make no general revision of the tariff this year. There is, however, one article which appeals to every man's palate and to most men's pockets, and which has claimed the attention of the people of this country for the last few months more largely than perhaps any other; I refer to the article of sugar. Sugar has always been looked upon in Canada as a large producer of revenue, and it has always been made to pay its tribute into the public treasury. Sugar, in one respect, is one of the best articles possible for distributing the taxation, the rich and the poor use it largely in proportion to their means, it is diffused through every section of the country and is used by every class of the people, and there is possibly no article upon which a part of the revenues of the country can be more equitably placed. For fear that some may have, as some have intimated to me, the idea that the Liberal-Conservative Government is the only Government which has put taxation upon sugar and levied large duties from it, I had a table prepared of the course of the sugar duties of the Dominion of Canada, since 1868, and I find that commencing in 1868 with a tax of 1 cent a pound, and 25 per cent. upon all over No. 9 Dutch standard, we have gone on consecutively raising the impost in 1878, 1879 and 1882—I think that was the last revision of the sugar duties, if I mistake not. Therefore a large proportion of the revenue of the country in all these periods from 1868 up to the present time has been obtained from the article of sugar. The course of the sugar industry has been a remarkable one in this country; upon it two parties have had their policies clearly and sharply defined, and I have prepared the following table for insertion in the Official Debates of the House on this subject:

SUGAR ENTERED FOR HOME CONSUMPTION IN CANADA DURING YEARS NAMED.

Year ended June 30.	Quantity.	Value.	Duty Collected.	Rate of Duty.	Cost per lb. of Sugar.	Duty per lb. of Sugar.	Per cent. Raw Sugar.	Per cent. Refined.
	Lbs.	\$	\$	p. c.	Cents.	Cents.		
1878.....	109,463,915	6,186,226	2,595,074	41.95	5.65	2.37	6	94
1880.....	116,847,050	3,904,287	2,026,692	51.93	3.35	1.73	68	32
1881.....	136,406,513	5,110,993	2,459,142	48.00	3.74	1.80	78	22
1882.....	135,329,697	4,846,066	2,999,761	47.50	3.59	1.70	88	12
1883.....	152,729,569	5,091,530	2,467,730	48.00	3.33	1.61	94	6
1884.....	173,742,477	5,509,429	2,609,509	47.36	3.17	1.50	94	10
1885.....	200,011,541	5,100,478	2,544,920	50.00	2.55	1.27	95	5
1886.....	177,897,735	4,573,574	2,303,397	50.30	2.57	1.29	94	6
1887.....	200,466,072	4,862,042	3,167,528	65.20	2.42	1.58	93	7
1888.....	201,839,821	5,154,143	3,433,334	61.50	2.55	1.70	92	8
1889.....	223,841,171	5,837,895	3,675,724	62.96	2.60	1.64	95	5
1890.....	174,045,720	5,186,158	2,851,547	55.20	2.92	1.63	94	6

In 1878, under the regime and policy of hon. gentlemen opposite, this country imported and took for home consumption 109,000,000 pounds of sugar at a value of \$6,186,000 paid to the outside producer, with a duty of \$2,595,000, the rate of duty being 41 per cent. That sugar cost 5.65 cents per pound, the duty upon it was 2.37 cents per pound, and the extraordinary fact—not extraordinary, but remarkable fact which I wish noted is that of this sugar, only 6 per cent. was raw while 94 per cent. was refined, and had been refined by the labour and the capital and within the confines of other countries than our own. What I want to note in that is, the small consumption of sugar, the very large price paid to the outside world for it, the high cost per pound as payment to the outside world, the high duty per pound, and the almost total absence of the refining industry in this country. Well, Sir, in 1879, another policy was introduced; that was the policy of refining the sugar in our own country. That year had its results, and, in 1880, 118,800,000 pounds of sugar was taken for home consumption, costing \$4,000,000 instead of \$6,000,000, with a cost per pound of 3.35 cents instead of 5.65 cents, and a duty of 1.75 cents per pound instead of 2.37 cents, and with the other result, that the percentage of raw sugar imported rose from 6 to 68, and the percentage of refined sugar fell from 94 to 32. And so has gone on the history and progress of the sugar question until 1889, the last normal year, when, without disturbance of McKinley Bills, prospective or actual, the consumption of sugar in the Dominion of Canada reached the enormous amount of 223,841,171 pounds, more than twice the quantity consumed in 1878, the cost of that quantity being \$5,000,000 to us as regards the outside world, as against \$6,000,000 in 1878 for less than half the amount—2.60 cents per pound being the cost and 1.64 cents per pound the duty, whilst the amount of sugar brought in raw, and refined in this country, rose to 95 per cent., and the refined sugar brought into the country fell to 5 per cent. This table will be for the members on both sides of the House to see and to criticize. What I want to draw the attention of the House to is the fact of the decreased burdens represented in the reduced price we have paid for sugar to the outside world,

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in the cheaper sugar itself, in the lower duty per pound, in the increased consumption, due, in part, to greater cheapness, and to the growth of the industry of refining in our own country, amounting at the present time to 95 per cent. of all the sugar that we use in this country, and a further accompanying result, the enlarged trade with the native sugar-growing and producing countries. So that, whereas in 1878 our sugar was bought, refined, entirely from Great Britain and the United States, almost none coming from the countries of production, now it is mostly all from countries of production, and an increased trade takes place between ourselves and them as a consequence. Now, Sir, at this particular juncture of circumstances, it becomes necessary for the Government to look over the whole question and to consider its policy with reference to this question of sugar. The amount which was consumed in 1889, the last full year, was 223,841,171 pounds, from which a duty was collected of \$3,675,724. If the Government yield to the demand for free sugar, it has to face the reduction of the duties in a normal year of pretty near \$3,675,000, because the most of that is upon raw sugar, very little being refined sugar. Taking the last three normal years, we will say roughly that the amount of the duty which has accrued, has been \$3,500,000 per year, and it is a difficult question for a Government to face, considering, on the one hand, its desire to give cheap sugar to the masses of the people, and on the other, the imperative necessity for maintaining a fair balance between expenditure and revenue. But the Government has looked over this whole question, and on two conditions, it has come to the conclusion to sweep away, from the burden of the great mass of the people, with one stroke of the pen, \$3,500,000 of taxation; and I venture to say, Sir, that never in the history of Canada, either before Confederation or since Confederation, has any Government come down to the House with such a large reduction of taxes as is involved in this proposition.

Sir RICHARD CARTWRIGHT. Now let us hear your conditions.

Mr. FOSTER. The hon. gentleman asks for my conditions. I shall present them to the House in all kindness, and yet with all the emphasis pos-

sible. They are two—first, that we shall assent to a greater economy in public expenditures.

Some hon. MEMBERS. Good; hear, hear.

Mr. FOSTER. I am glad to know that I have the assent of hon. members opposite to that proposal, and I know, and knew previous to this, that I would have the assent of hon. gentlemen on this side of the House; and I promise them and the House that if this Government continues to supervise the expenditures—as we intend to do despite the different motions for adjournment which may, from time to time, be moved—we shall practise this economy in no niggardly spirit, but we will, while giving cheap and free sugar to the people, give them as much as the country ought reasonably to ask for the public works and services and improvements of the country. The other condition is that there shall be compensating duties to a certain extent

Some hon. MEMBERS. Oh, oh.

Mr. FOSTER. Hon. gentlemen must not say "oh" yet. You must not expect to have all the sugar without having something bitter to mix with it. The compensating duty will not be to the full amount of the burden of taxation of which the country will be relieved; for, while we propose to take off \$3,500,000, we propose to ask the House to allow us to put on \$1,500,000, and the question is, where can that be put? It has been urged that we should put a duty on tea and coffee, and if we followed the example of hon. gentlemen opposite, an example which in the main is bad, and which in this instance I do not propose to follow, we would clap a duty of 2 and 3 cents a pound on coffee, and 5 and 6 cents a pound upon tea, and thereby invade the poor man's breakfast-table afresh. Instead of doing that, we propose to make the breakfast-table a freedom in reality—to keep the coffee free, to keep the tea free, and to give the sugar free as well; and we look to a different source for raising the \$1,500,000, a source from which we think it can be raised most easily, with the least burden upon the great masses of the people, and we hope with the least dissatisfaction to the country at large. I propose to ask that the House consent to the imposition of 1 cent per pound additional on malt. Malt has, up to the present, with few exceptions, borne a duty of 1 cent per pound, and this addition will add, according to my calculation, 3 cents in cost to every gallon of beer; and I ask the brewers, the maltsters, the wholesale sellers and retail sellers, and, if need be, the drinkers, to divide this 3 cents among them and make a cheerful and pleasant face over it. This, on the basis of last year's consumption of malt, will give a revenue in the neighbourhood of \$500,000. For fear there should be any jealousy in this matter, I propose to ask the distillers to consent to the imposition of a slight increase in the Excise duty upon distilled spirits, which will add but very little, 20 cents per gallon, to the cost of that article; and if it is necessary, I want to ask the distillers, and the wholesale sellers, and the retail traders, and the drinkers as well, to divide this equitably among them and make a pleasant face over the operation. That increase will give, upon the basis of last year's output, about \$600,000; and then, that we may all have our luxuries put on an even basis, I am going to ask the tobacco men to submit to 5 cents per pound upon tobacco as an Excise duty, and a similar amount upon

the import, which will figure up to \$400,000. All these, added together, will give \$1,500,000; and with the imposition of \$1,500,000 taxes in these ways, which I think the great mass of the people will approve, when we take into account the large relief given to them, we propose to remit the sugar tax of \$3,500,000.

Sir RICHARD CARTWRIGHT. Are the sugar duties to be absolutely and totally abolished without reserve?

Mr. FOSTER. The hon. gentleman must understand me to mean, as I have no doubt he does, that when I have said that the duty upon raw sugars amounted to \$3,500,000 and that it is remitted, it is the duty of course upon raw sugar which is remitted.

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER. Hon. gentlemen opposite would even violate the precious example of the United States, when all along they have been asking us to imitate their example and be guided by them in all our commercial policy.

Sir RICHARD CARTWRIGHT. The hon. gentleman's proposition, as I understand it, is to leave the duties on refined sugar as they are and free raw sugar.

Mr. FOSTER. The hon. gentleman must wait until I get through, when, I trust, all will be made plain. I hold in my hand a list of the resolutions which I propose to ask the House to go into committee upon after the hon. gentleman has replied, and I will briefly run over the recommendations which I propose to make to the committee. A change will be made in the molasses duty, which at present is 1½ cents per gallon. The change that will be made is that all molasses between certain degrees, 40 and 56, which takes in all fairly good and extra molasses, shall pay the duty they now pay of 1½ cents per gallon, but when they test over 56 degrees, they become in reality of the consistency and value of sugar, and come in free, as does all raw sugar. When they test less than 40 degrees, they approach that perilously narrowed margin beyond which lies the mass of stuff which is sometimes imposed upon the people for molasses, but which is simply rubbish, with, coming down to certain degrees, scarcely a percentage of saccharine matter in it at all. I propose that the duty shall be 1½ cents per gallon below 40 degrees, and one-quarter of 1 cent per degree additional as it grades below, in order to protect consumers from the stuff which is known as "black strap" or something worse, being mere washings, and doctored products, which no man ought to put in his mouth and think he is taking molasses. In addition to the foregoing rates, I propose to keep up what is in the present tariff, a specific duty in all cases of 2½ cents per gallon, when not imported direct without transshipment. Upon all cane sugar and beet root sugar, and so on, not over No. 14 Dutch standard in colour,—that is, the raw sugar which comes in free—upon all that kind, when not imported direct without transshipment from the country of growth and production I propose to keep the same duty on as at present—the same relative duty, I mean. There was charged on this before, 7½ per cent. of the duty, and what I propose to put on now is 5 per cent. of the value, which is as near as can be equivalent

to 7½ per cent. of the duty. There is also a provision that in all the cases of cane sugar produced in the East Indies and exported therefrom *via* Hong Kong, such rate of 5 per cent. *ad valorem* shall not be exacted, if the sugar is transhipped at Hong Kong. A trade of large prospective growth is opening up between us and the East Indian sugar-producing countries by way of Hong Kong and the Canadian Pacific Railway Steamship Line and railway lines, and for the benefit of the western coast especially and Canada as a whole, I propose that sugar so imported shall not be subject to the duty of 5 per cent. Now, then, my hon. friend will get his answer. The duties now upon raw sugar, which the refiner has to pay in order to make his better grades of sugar, it being so much per pound and so much per degree over 70 degrees, amounts to about 2 cents per pound on granulated. The amount of protection that the refiner has at present on refined sugar amounts to about 3 cents, so that there is a difference in the neighbourhood of 1 cent between what he has to pay on his raw material required to make a pound of refined sugar and the pound of refined sugar that he competes with. All those sugars which come in under that head are to be not free, but to bear a duty of eight-tenths of 1 cent per pound. That is the duty upon refined sugars and upon all over No. 14 Dutch standard. Under the old tariff, glucose or grape sugar came under the general rate. As we have changed the tariff in regard to the rest, we have placed the duty on glucose or grape sugar at 1½ cents per lb. Cut tobacco, which is now 40 cents and 12½ per cent., is to be 45 cents and 12½ per cent. Manufactured tobacco and snuff, which is now at 30 cents and 12½ per cent., is to be 35 cents and 12½ per cent. Ale, beer and porter, when imported in casks or otherwise than in bottles, which is now at 10 cents per gallon, becomes 13 cents per gallon; and ale, beer and porter, when imported in bottles, which is now 18 cents per gallon, becomes 21 cents per gallon. That is, that what is added to the cost of malt liquors by the addition of a cent a pound on malt, is added to the imported articles in order to make the equivalent.

Sir RICHARD CARTWRIGHT. You might state what the equivalent is?

Mr. FOSTER. 3 cents a gallon. The House will recollect that I have asked that 20 cents be added to the Excise duty. Last year I raised the duty on imported spirits and wines, while I made no change in the Excise duty, and it was argued by some hon. gentlemen that I had disturbed the proper proportion which should exist and that some addition should be made to the Excise duty as well. After looking over the whole question, I have come to the conclusion to restore pretty nearly the former equilibrium by adding 20 cents on Excise, while making a smaller increase on the imported article, so that the relative position of the two is brought back to nearly the position they previously occupied.

Sir RICHARD CARTWRIGHT. Did you take account of that in estimating for the million and a half?

Mr. FOSTER. Yes. In regard to the import duties, I do not look for much increase. The increased duty is small and it may have the effect of reducing the importation, and I have made no

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estimate for any particular increase in that branch. There is another article in which we have decided to make a change, and that is the article of salt, which is now at 10 cents and 15 cents per 100 lbs., and which we propose to reduce one-half, making it 5 cents and 7½ cents. This we have been impelled to do because we considered that, owing to the protection which was given and certain combinations which have been entered into, a monopoly has been created, and it is a wise and prudent thing for us to meet that state of things by reducing the duty one-half. It will also be observed that it is provided that these resolutions shall take effect on and after the 24th June, 1891:

“Provided, however, that nothing herein shall be construed as excepting any sugars now held to be in bond for refining purposes in any bonded premises connected with or occupied in whole or in part by any sugar refinery, which may be found on examination of the stock in such premises to have been removed therefrom, from payment of the duty properly payable thereon under item No. 419 in schedule A to the Act, chap. 33, Revised Statutes, which shall continue in force as regards such sugars, until proper entry thereof and payment of duty thereon has been made.”

Mr. PATERSON (Brant). Does that cover sugar in bond in merchants' bonded warehouses?

Mr. FOSTER. It covers all the sugar put in bond by the refiners, no matter where they may be.

Mr. BOWELL. It covers everything in bond.

Mr. PATERSON (Brant). The wholesale men have lately been allowed to hold sugar in bond.

Mr. BOWELL. Yes, it covers that.

Mr. FOSTER. There is another matter to which I will refer. Certain members of the House have been aware that during the last ten or fifteen years a great change has taken place in the world in reference to the production of sugar. Whereas, a few years ago, a very small proportion of the world's consumption of sugar was other than cane sugar, within the last ten years, in European countries especially, a great change has taken place. The cultivation of the beet has been encouraged, and beet root sugar has been manufactured under Government bounties; and this has been so successful under that system that at the present time a little more than 65 per cent. of the world's consumption of sugar is made from the beet. For the last twelve or thirteen years we in Canada have had more or less spasmodic or continued attempts to introduce the culture of the beet in order to make sugar therefrom. The attempts have been to a large extent experimental, and I do not think, from what information I have so far, that the results can be said to have been successful. However, I am not here to-day to argue that question *pro* or *con*. I have my own opinion in reference to it. I am not here to say that I believe that, by the introduction of the bounty system in Canada, it will be possible for us, under fair conditions and without undue impositions on the people, to make the cultivation of beet in this country successful, with our climate, our soil, our prices of labour and all the attendant circumstances, but I am not unmindful of the fact that in the Province of Quebec there are one or two beet root sugar factories whose promoters have gone in good faith into the enterprise of the manufacture of beet root sugar. They have their machinery there, they have made their investments, they have sowed their beets, and they are now, through the farmers,

raising the crop for this year, and to take off all the protection they had when they commenced the season's operations would appear to be a hardship, and I think will so strike hon. members of this House. So that I have this to recommend, that for one year, this season only, whatever beet root sugar is made wholly from the beet in the Dominion of Canada, shall be paid, out of the finances of the country, a bounty equal to the protection which it would have enjoyed if the tariff had remained for the year as it was when the farmers planted their beets and went into that industry. When I make this statement I also wish it to be accompanied by the emphatic statement, that this proposition does not commit me or the Government to the principle of bounty with reference to the culture of beet root sugar in this country; we do not propose to commit ourselves to that principle, and the legislation we ask for now is for this season only, and solely upon the grounds which I have mentioned to the House, and which I believe will approve themselves to the fair sense of the House.

Mr. PATERSON (Brant). Does the hon. gentleman know the amount of bounty per pound?

Mr. FOSTER. I will read the resolution:

Resolved, That it is expedient to provide that, under such regulations and restrictions as may be by the Minister of Customs deemed necessary, there may be paid to the producers of any raw beet root sugar produced in Canada, wholly from beets grown therein between the first day of July, one thousand eight hundred and ninety-one, and the first day of July, one thousand eight hundred and ninety-two, a bounty equal to one dollar per one hundred pounds, and in addition thereto, three and one-third cents per one hundred pounds for each degree or fraction of a degree of test by polariscope over seventy degrees.

This will apply to the present season only, when the farmers have distributed their seed and are looking forward to the season's operations, and it secures to them the amount of protection which they would have had under the tariff as it was at the time when they sowed their seed.

Mr. SCRIVER. What about maple sugar?

Mr. FOSTER. Maple sugar remains just as sweet and just as good as it was, without any bounty. I have another resolution which I will read on behalf of the Minister of Customs:

Resolved, That it is expedient to amend the Act, Chapter 32, Revised Statutes, intitled "An Act respecting the Customs," by repealing section 94 thereof—respecting the refining in bond of sugar, molasses or other material from which refined sugar can be produced.

Now, of course, that the Government has taken the duty off from raw sugar, there needs to be no regulation, or no law upon which regulations can be based, for the refining of sugar in bond. Mr. Speaker, I thank you, and I thank the House, for their kindly indulgence in the remarks I have made, and their kindly reception of the conclusions which the Government, through me, have been able to announce. I beg leave now to move that the House resolve itself into Committee of Ways and Means on the following resolutions:—

1. *Resolved*, That it is expedient to amend the Act, chapter 33, Revised Statutes, intitled: "An Act respecting the Duties of Customs," by repealing the items numbered 9, 10, 400, 419, 420, 421, 422, 423 and 431, in schedule "A" to the said Act; and to amend the Act 50-51 Victoria, chapter 39, intitled; "An Act to amend the Act respecting the Duties of Customs," by repealing the items numbered 126, 127 and 128, under section 1 of the said Act; and to amend the Act 53 Victoria, chapter 20, intitled: "An Act to amend the Acts respecting the Duties of Customs," by repealing the items numbered 148, 156, 157, 158, 159, 165 and 166, under section 10 of the said Act,—

and to provide otherwise by enacting that the following rates of duty be substituted in lieu thereof:—

1. All molasses and (or syrup N.O.P., including all tank bottoms and) or tank washings, all cane juice and (or concentrated cane juice, and all beet-root juice and) or concentrated beet-root juice, when imported direct, without transhipment, from the country of growth and production.
 - (a) Testing by polariscope, forty degrees or over and not over fifty-six degrees, a specific duty of one and one-half cents per gallon.
 - (b) When testing less than forty degrees, a specific duty of one and one-half cents per gallon and in addition thereto, one-fourth of one cent per gallon for each degree or fraction of a degree less than forty degrees.
 - (c) And in addition to the foregoing rates, a further specific duty in all cases of two and one-half cents per gallon when not so imported direct without transhipment.
2. All cane sugar and or beet-root sugar not above number fourteen Dutch Standard in colour, all sugar sweepings, all sugar drainings or pumpings drained in transit, all melado and or concentrated melado, all molasses and or concentrated molasses N.E.S., all cane juice and or concentrated cane juice N.E.S., all beet-root juice and or concentrated beet-root juice N.E.S., all tank bottoms, N.E.S., and concrete, when not imported direct without transhipment from the country of growth and production, five per cent. *ad valorem*; provided, however, that in the case of cane sugar produced in the East Indies and imported therefrom *via* Hong Kong, such rate of five per cent. *ad valorem* shall not be exacted if shipped at Hong Kong.
3. All sugars above number fourteen Dutch Standard in colour, and refined sugar of all kinds, grades or standards, and all sugar syrups derived from refined sugars, a specific duty of eight-tenths of a cent per pound.
4. Glucose or grape sugar, glucose syrup and, or corn syrup, a specific duty on one and one-half cents per pound.
5. Cut tobacco, forty-five cents per pound and twelve and one-half per cent. *ad valorem*.
6. Manufactured tobacco, N.E.S., and snuff, thirty-five cents per pound and twelve and one-half per cent. *ad valorem*.
7. Ale, beer and porter, when imported in casks or otherwise than in bottles, thirteen cents per gallon.
8. Ale, beer and porter, when imported in bottles (six quart or twelve pint bottles to be held to contain one gallon) twenty-one cents per gallon.
9. Spirituous or alcoholic liquors, distilled from any material, or containing or compounded from or with distilled spirits of any kind, and any mixture thereof with water, for every gallon thereof of the strength of proof, and when of a greater strength than that of proof, at the same rate on the increased quantity that there would be if the liquors were reduced to the strength of proof. When the liquors are of a less strength than that of proof, the duty shall be at the rate herein provided, but computed on a reduced quantity of the liquors in proportion to the lesser degree of strength; provided, however, that no reduction in quantity shall be computed or made on any liquors below the strength of fifteen per cent. under proof, but all such liquors shall be computed as of the strength of fifteen per cent. under proof, as follows:—
 - (a) Ethyl alcohol, or the substance commonly known as alcohol, hydrated oxide of ethyl or spirits of wine; gin of all kinds, N.E.S.; rum, whiskey, and all spirituous or alcoholic liquors, N.O.P., two dollars and twelve and one-half cents per gallon.
 - (b) Amyl alcohol or fusil oil, or any substance known as potato spirits or potato oil, two dollars and twelve and one-half cents per gallon.
 - (c) Methyl alcohol, wood alcohol, wood naphtha, pyroxylic spirit, or any substance known as wood spirit or methylated spirit; absinthe, arrack or palm spirit, brandy, including artificial brandy and imitations of brandy; cordials and liquors of all kinds, N.E.S., mescal, pulque, rum shrub, schiedam and other schnapps; tafia, angostura and similar alcoholic bitters or beverages, two dollars and twelve and one-half cents per gallon.
 - (d) Spirits and strong waters of any kind, mixed with any ingredient or ingredients, and being known or designated as anodynes, elixirs, essences, extracts, lotions, tinctures or medicines, N.E.S., two dollars and twelve and one-half cents per gallon, and thirty per cent. *ad valorem*.