

ting higher, to continue the contract with the same contractors.

6 & 7. Public tenders were called for in 1897, and the present contract is a renewal of the one made on the 1st July of that year.

MADOC MAIL SERVICE.

Mr. CARSCALLEN asked :

1. Who is the contractor for carrying the mails from Madoc village to Central Ontario Railway station at Eldorado ?
2. When was the contract entered into, and for what length of time ?
3. What amount is paid for the service ?
4. Were tenders advertised for, and for how long were such advertisements posted ?
5. Were any tenders received, and the amount of tenders, if any ?
6. Did the lowest tender receive the contract ?

Hon. JAMES SUTHERLAND. The service is performed by Mr. Joseph Vassau under a temporary agreement entered into on the 1st July, 1900. Mr. Vassau's contract expired on the 30th June, 1900, and it was proposed to put the service up to tender, but it was represented to the Postmaster General that the Eldorado Railway would be reopened within a short time, and that it would be better to postpone the making of a new four years' contract until the question of utilizing the railway for the conveyance of mails could be considered; and the service has been performed since that time on the terms and conditions of the former contract.

The service is semi-daily, distance 7 miles, and the rate of pay \$400 a year. The inspector in reporting on the service stated that the rate of pay was reasonable, and that the service had been satisfactorily performed.

WAYS AND MEANS—THE BUDGET.

The MINISTER OF FINANCE (Hon. W. S. Fielding) moved that the House resolve itself into Committee of the Whole to consider of the Ways and Means for raising the Supply to be granted to His Majesty.

He said: Mr. Speaker, for several years in succession, on occasions similar to this, I have had the good fortune to be able to congratulate the House and the country upon periods of great and steadily increasing prosperity. I rejoice to know that I am at liberty to make a similar statement to-day with respect to the affairs of Canada for the past year. In almost every department of industry in which the Canadian people are engaged there was a gratifying activity, and trade, commerce and manufactures flourished. Here and there, as may always be expected in a country of such vast extent and varied interests as prevail in Canada, some local condition was unfavourable, some drawback may have occurred. But in summing up the affairs of the country, we are able to describe the year as

one of unexampled prosperity. Prosperity in trade and manufactures has brought prosperity to our national finances, and enabled me at the close of the year to announce results which it is not too much to say formed the most satisfactory financial statement that ever fell to the lot of a Minister of Finance to make in the Dominion of Canada. At a time of very considerable financial stringency, at a time, too, when our expenditures were being conducted on a very liberal scale, we found our revenues so generous that we were able to provide for all our needs without having resort to fresh loans, or even to an issue of treasury bills.

A glance at the receipts and expenditures in comparison with the previous year will show that there was a general increase all along the line. I have the honour to present this statement:

	1898-9.	1899-1900.	Increase.
Customs	\$25,316,841	28,374,147	3,057,306
Excise	9,641,227	9,868,075	226,848
Post office	3,193,777	3,205,535	11,758
Miscellaneous	8,589,404	9,582,237	992,833
	\$46,741,249	\$51,029,994	\$4,288,745

It may be remembered that in speaking of the prospects of the year in the budget speech of last March, I expressed the opinion that the receipts for the year would pass the \$50,000,000 mark; the figures I have just given will show that that anticipation was realized, the receipts of the year having been over \$51,000,000. The chief increase, as may be readily understood, was in customs. That increase, to some extent, was due to the increased imports, and to some extent, no doubt, to the higher values which prevailed. We have increases in the post office which are very gratifying. Of course it is well known that a year or two ago the post office revenues fell off—not a matter of regret altogether, because we know that that falling off was caused by the very important reform brought about by my hon. colleague the Postmaster General, who is now absent, wherein he established a two-cent rate instead of a three-cent rate, one of the most important reforms in the Post Office Department, and one which I am sure the country has fully appreciated.

If, for a time, therefore, our revenue from that source fell off it would not be altogether a cause for regret. I am glad to be able to say that we have now reached the point where we shall be able to make comparisons with previous years under the three-cent rate. In January last past, we had turned the corner in that respect. Up to that date, our revenue was, under the two-cent rate not quite so large as it was under the three-cent rate; but, in January, 1901, under the two-cent rate, the revenue of the Post Office Department was \$398,289, while in the corresponding month of

January, 1898, under the three-cent rate the revenue was \$368,941, showing that now, under the two-cent rate we are receiving more money in the way of revenue in the Post Office Department than we formerly received when the three-cent rate prevailed. Under the head of miscellaneous revenues there is a considerable increase, the largest item being in respect to railways. There is an increase of \$828,344 under that head. It is well to remember that, while we are spending largely increased sums upon the Intercolonial Railway in particular, we are also having largely increased receipts, and it may be well in this case to make a comparison between 1896 and 1900. The revenue of the Intercolonial Railway in 1896, being the year ending the 30th June, was \$2,957,640. The revenue for last year was \$4,552,071, showing an increase in the receipts of the Intercolonial Railway between 1896 and 1900 of \$1,594,431. My hon. friend the Minister of Railways and Canals (Mr. Blair) has to come to the House frequently for increased appropriations for this road, and it is well that when he shall do so we shall keep these facts in mind, and realize that owing to the greater development of the Intercolonial Railway, and of the trade of the country generally, the receipts of that important public work are now much larger than they were before. Our total revenue for the year which has passed was \$51,029,994.02. Our total expenditure, chargeable to consolidated fund account, that is our total expenditure for what may be described as the ordinary purposes of government, was \$42,975,279.51, showing a surplus on the year's operations of no less a sum than \$8,054,714.51. This surplus, Mr. Speaker, was the largest that has ever been known in the history of the Dominion of Canada. I have prepared a statement showing the surpluses and deficits for the last four years, and the following are the figures:

In 1897 there was a deficit of \$519,981.44, in 1898 there was a surplus of \$1,722,712.33, in 1899 there was a surplus of \$4,837,749, and in 1900 there was the surplus that I have just mentioned of \$8,054,714.51. Our surpluses thus have aggregated \$14,615,175.81. Deduct \$519,981.44, the deficit for the first year, which was, however, hardly under our control, but we will pass that point now.—deduct the deficit of that year from the surpluses of succeeding years, and we find that there has been a net surplus for the four years as between the revenue and the ordinary expenses of government of \$14,095,194.40. So far I have dealt with what we call the expenditure on consolidated fund account, which represents the ordinary expenses of government. There is, of course, another class of expenditure which figures in our account, which is commonly called capital expenditure, including public works, railways, railway subsidies and various special items of an

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unusual character. These expenditures for the year ended June 30, 1900, were as follows:—

Intercolonial and Prince Edward	
Island Railways	\$3,308,894 31
Canals	2,639,564 93
Public works	1,089,827 29
Dominion lands	199,470 09
Militia	230,850 51
Canadian Pacific Railway	236 11
Total	\$7,468,843 24

To this must be added for railway subsidies, including \$340,000 paid during that year to the Crow's Nest Pass Railway, \$725,720.35, and there is a further item to be added, being the expenses of the South African contingent and the Halifax garrison, amounting to \$1,547,623.74. These capital and special expenses for the year amounted to \$9,742,187.33. Now, with these large expenditures for the liberal maintenance of the public services, with large expenditures for railways and public works, and with special expenditures in connection with the South African war, it would not have been a matter of surprise if it had been necessary to increase the public debt. Yet, we have the gratifying statement that we have provided for all these large expenditures, and that we have been able not to increase the public debt, but actually to reduce the public debt to the extent of \$779,639.71. The net debt on June 30, 1899, was \$266,273,446.60; the net debt at the same date in 1900 was \$265,493,806.89, showing a decrease of \$779,639.71, as already stated.

Now, that is a very gratifying statement, but it is one which it is only possible to make in very prosperous times. In only two years prior to this, in the history of the Dominion of Canada, was the Finance Minister able to make the statement that there had been a reduction in the public debt. This occurred in the year 1871, when my predecessor in office was Sir Francis Hincks, and it also occurred in 1882, when Sir Leonard Tilley was Minister of Finance, and when there was a reduction in the public debt of a very considerable sum. It is not therefore reasonable to expect that this reduction in the public debt can frequently occur. In a country like Canada, which after all is a comparatively new country in which there will always be demands for public works, and in which there will be expenditures outside of what may be called the ordinary expenses of government, it is only reasonable to suppose that we shall incur obligations which will necessitate occasionally some addition to the public debt. I think that if the addition to the public debt should only be a moderate one we will have no reason to complain.

Turning now to the affairs of the current year, which is to close on the 30th June next, I find that our revenue up to the

10th March was \$34,942,177.95, an increase over the corresponding date last year of \$1,227,693.01.

The customs revenue, which is always an item of chief importance, remains up to date substantially the same as it was a year ago, and I do not expect that from this time forward we can expect any material increase in that item. In railways and post office and excise there has been a considerable increase, and we anticipate that there will be some further increase before the year closes.

Mr. WALLACE. How much increase in the excise ?

The MINISTER OF FINANCE. I have not the figures at hand, but I will give them to the hon. gentleman later. I estimate that the total revenue for the current year, to end on June 30 next, will be \$52,750,000, or an increase of \$1,720,000 over the revenue of the previous year.

Coming now to the expenditure account for the current year. The expenditure up to March 10, on consolidated fund, was \$27,731,602.04, so that, if we had an increased revenue, we have also had some increase in expenditure as well. We have some supplementary estimates yet to bring down for the current year which will, of course, swell our existing appropriations. I estimate that when the year's affairs are closed, including these supplementary appropriations, we shall find the expenditure chargeable to consolidated fund amounting as near as may be to \$48,400,000. With an estimated revenue of \$52,750,000, and a probable expenditure of \$48,400,000, I reach the conclusion that at the close of the present year we shall be able to show another surplus amounting to \$6,350,000.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. This, Sir, is not so large a surplus as that of the past year, but I think we shall all agree that if the accounts when closed will show a surplus as large as that, it may be regarded as very satisfactory.

The capital expenditure of the current year, to March 10, was \$6,584,309.42. We have still to pay very considerable sums on account of railway subsidies, canals, and so forth, and I estimate that the total expenditure chargeable to capital for the current year will reach \$10,700,000. If we deduct from this our surplus and our sinking fund, I am of opinion that we shall have to make some addition to our public debt, but I think it will be a very moderate one, and will not exceed \$1,800,000. That is not a very large sum, especially if we take into consideration the additions to the public debt in days gone by. Our administration is four years old, and as one naturally wishes to prepare a statement concerning the period of his own government, I have prepared a

statement of the state of the debt in these four years.

Debt statement for four years.

	Increase.	Decrease.
1896-7	\$3,041,163	
1897-8	2,417,802	
1898-9	2,317,047	
1899-1900		\$779,639
	\$7,776,012	\$779,639
	779,639	
Total increase in four years..	\$6,996,373	
Average increase for four years	1,749,093	
Average increase for 18 years, 1878-1896	6,563,075	

Therefore, deducting the decrease, we find that in the four years we have increased the public debt to the extent of \$6,996,373. The average increase for the four years is therefore \$1,749,093 per annum, against an average increase in the previous eighteen years of \$6,563,075 per annum.

With regard to the next fiscal year, beginning on 1st July next, it is too soon for us to attempt to make anything like a close estimate. I have already submitted to parliament estimates on account of consolidated fund amounting to \$44,102,323.56, and on capital account amounting to \$6,296,500, making a total of \$50,398,823.56, including both capital and consolidated fund. We have supplementary estimates yet to come which must considerably add to these appropriations, and there are special expenditures likely to come upon us in the next year of which we must take note. We shall have to provide, in addition to considerable expenditures in the usual way on railway subsidies and so forth, for a very considerable sum in the shape of bounties on iron and steel. Hitherto these bounties have not in any one year amounted to any very great sum, but hon. gentlemen are well aware from what we have seen in the public press as well as from the discussions in this House, that the iron and steel industry is now being developed on a very large scale and as a consequence of that we shall be called upon to pay a very considerable sum as bounty. It is difficult to form any definite opinion as to what this will amount to. We know the amount of bounty that is to be paid per ton, but the quantity that will be produced is of course a matter concerning which we have no means of knowing definitely. I assume, however, that we shall have to pay next year at least \$1,000,000 in bounties on iron and steel, and I shall not be surprised if the sum has to be somewhat larger. Therefore, we shall be obliged to provide for a very considerable expenditure for the coming year. As to revenue, I do not expect that we can keep on at the rate of increase which has been so marked during the past three or four years. I think we have probably now reached about the

crest of the wave of prosperity. I do not expect that we shall have any serious reverses. I think the business of Canada has been developed during the past four or five years upon very safe and sound lines. I think there has been to a very large extent an absence of that inflation which is so apt to mark a period of good times. I am of opinion that the business of the country as a whole has been so carefully conducted and is on such a sound basis that we are not likely to suffer any serious reverses, but I do not think it is reasonable to expect that we can go on increasing our business as rapidly as we have during the past few years. What may happen is that we might suffer a check. Perhaps it might be best described as a period of rest, not of going backward, when Canada like a young giant will gather new strength and advance again by leaps and bounds as she has during the past four years. Perhaps, I will be pardoned if I give somewhat hurriedly a few of the leading facts which mark the great prosperity of the past year. These facts can, of course, be obtained by those who take the trouble to go through the Trade and Navigation Returns, but they may be conveniently presented in a condensed form in the budget speech. It was indeed a banner year so far as the trade and commerce of the country is concerned. The aggregate foreign trade of the year 1900 was \$381,517,236. In the previous year it was \$321,661,213. The increase in the aggregate foreign trade of Canada over the previous year was \$59,856,023. When I remind the House that the increase in the whole eighteen years of the national policy was only \$66,000,000, and when I show that in one year only of the present administration, the increase was over \$59,000,000 and nearly \$60,000,000, hon. gentlemen will be able to measure the vast progress that has been made in trade of the country.

Mr. COCHRANE. When you abandoned the national policy.

The MINISTER OF FINANCE. No, our hon. friends opposite have been abandoned; we are still here. The following summary is interesting and instructive:

Aggregate foreign trade, 1900.....	\$381,517,236 00
" " " 1899.....	321,661,213 00
Increase in 1900	\$ 59,856,023 00
Imports entered for consumption, 1900	\$180,804,316 00
Imports entered for consumption, 1899	154,051,593 00
Increase in 1900	\$ 26,752,723 00
Exports of produce of Canada, 1900	\$170,642,369 00
Exports of produce of Canada, 1899	138,462,037 00
Increase in 1900	\$ 32,180,332 00

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Exports, the produce of Canada to Great Britain, 1900	\$96,562,875 00
Exports, the produce of Canada to Great Britain, 1899	85,114,555 00
Increase in 1900	\$11,448,320 00
Exports, produce of Canada to United States, 1900	\$59,666,556 00
Exports, produce of Canada to United States, 1899	40,426,856 00
Increase in 1900	\$19,239,700 00
Exports, Canadian Mines to all countries, 1900	\$24,580,266 00
Exports, Canadian mines to all countries, 1899	13,368,150 00
Increase in 1900	\$11,212,116 00
Exports, Canadian fisheries, 1900..	\$11,169,083 00
" " " 1899..	9,909,662 00
Increase in 1900	\$ 1,259,421 00
Exports, Canadian forests, 1900...	\$29,663,668 00
" " " 1899..	28,021,529 00
Increase in 1900	\$ 1,642,139 00
Exports, animals and their pro- duce, the produce of Canada, 1900.....	\$56,148,807 00
Exports, animals and their pro- duce, the produce of Canada, 1899	46,743,130 00
Increase in 1900	\$ 9,405,677 00
Exports, agricultural products, the produce of Canada, 1900.....	\$27,516,609 00
Exports, agricultural products, the produce of Canada, 1899	22,952,915 00
Increase in 1900	\$ 4,563,694 00
Exports, manufactures of Canada, 1900	\$14,224,287 00
Exports, manufactures of Canada, 1899	11,706,707 00
Increase in 1900	\$ 2,517,580 00

In view of the discussions which have occasionally taken place in the House with regard to the increase of the imports from Great Britain for home consumption, I have placed together the figures for a series of years:

1895.....	\$31,131,737
1896.....	32,979,742
1897.....	29,412,188
1898.....	32,500,917
1899.....	37,060,123
1900.....	44,789,730

It will be observed, Sir, that the imports from Great Britain had been declining steadily when the policy of the present government, including the preferential tariff, was adopted. That decline was immediately arrested, and from that time on the imports from Great Britain began to increase, so that now, as compared with 1897, they show an increase to the extent of about 50 per cent.

I confess that I hardly know just how this increase of imports may be viewed by

some of our hon. friends opposite. Sometimes the criticism is that by our preferential tariff we have allowed goods to come in from Great Britain and have thereby injured our own manufactures.

An hon. MEMBER. Hear, hear.

The MINISTER OF FINANCE. Hear, hear, says my hon. friend opposite. But at other times the argument is that the preferential tariff has made no difference in the trade with Great Britain, but that trade has increased generally and that the imports from Great Britain have only kept pace with the general increase of business throughout the world; and when we have contended, as we have, that the preferential tariff has been an instrument in increasing the imports from Great Britain, we have met the reply that it has not had that effect at all, but that the increased trade with Great Britain has come about by means altogether irrespective of the preferential tariff.

Mr. CLANCY. Will the hon. gentleman give the increase of imports from the United States during the same period?

The MINISTER OF FINANCE. No, Mr. Speaker, but if it will help my hon. friend very much, I will make an admission at once. We import from the United States a large quantity of the things we require, not to please the United States, but to please ourselves. We import the raw materials from the United States, which go to make the manufacturers of Canada prosperous. If it be the policy of our hon. friends opposite to keep out the raw materials which our manufacturers require, that is not the policy of the present government.

In this connection perhaps I may be permitted to say a word as to a contention which has been advanced at times, and which has found a suggestion this session in the form of several questions by our hon. friends opposite. The argument has been used sometimes in the public press, and sometimes on the floor of this House, that our preferential tariff is admitting a large quantity of foreign goods—goods which are not British at all. Now, that is a fair matter for investigation. It was no part of our intention to extend the benefits of the preferential tariff to these foreign nations. The intention was that goods coming from Great Britain and purporting to be British goods should be bona fide products of Great Britain. But, of course, we have to remember that Great Britain imports great quantities of raw materials and articles in the first process of manufacture, and improves or finishes them; and then she is the great shipping mart for those goods throughout the wide world; and it has been suggested by a question put by one of our hon. friends opposite that perhaps we ought to provide that the preferential tariff

shall apply only to British goods, meaning materials which are grown or produced in Great Britain and undergo all the processes of manufacture in Great Britain. I had to reply that such a policy would amount to a practical repeal of the preferential tariff, because Great Britain has to import large quantities of materials out of which she produces her manufactured goods. But it has been represented that the preferential tariff is evaded, and that goods of Belgian or German or other foreign origin are brought in under it. I want to say that if any information can be furnished by any hon. gentleman in the House or by any gentleman outside, it will help us to investigate that matter; for we have every desire to see that the intentions of the preferential tariff in that respect are carried out in good faith. As to whether our present regulation for distinguishing between British and foreign goods is sufficient may also be a fair matter of inquiry. We think we have probably reached a sound conclusion in that respect when we have determined that 25 per cent of the value of an article being of British labour or industry shall give it the stamp of a British manufacture and entitle it to the benefits of the preferential tariff. But while we think we have probably reached a sound conclusion in that regard, I quite admit that it is a matter for investigation and inquiry; and if any information can be furnished which will lead us to believe that the intention of the government with respect to the preferential tariff is being evaded, either through fraud on the part of importers or through error in our own calculation as to the proper proportion of British labour, we shall deem it to be our duty to give the matter every consideration. I have a statement here, again taking a period of four years for convenience, showing the exports of the produce of Canada for two periods of four years each, and have classified them so that the exports of each class are shown. The statement is as follows:—

Statement showing Exports the Produce of Canada for four year periods.

	Four years, 1893 to 1896.	Four years, 1897 to 1900.
Mine	\$ 26,173,776	\$ 63,710,587
Fisheries	41,615,754	42,234,729
Forest	103,782,210	115,455,465
Animals and their produce and agricultural ducts	204,043,511	287,954,114
Manufactures	32,520,973	46,131,324
Miscellaneous	364,222	432,175
Coin and bullion and short reported	14,459,930	22,740,235
Total	\$422,960,376	\$578,658,629
		422,960,376

Increase last four years..... \$155,698,253

The question of the rate of taxation under the customs tariff has been frequently discussed, and perhaps a word or two concern-

ing it, based upon the figures of the past year, will not be out of place. If we take the imports for home consumption and the duty collected, we will find that the proportion of duty in 1896 on all imports for home consumption was 18.28, and by the same statement for 1900, it was 15.98, making a difference of 2.30 or one-eighth of the whole duty.

If that were to be taken as a correct statement of the whole matter, it would show that the difference between the operation of our tariff on the imports of last year and that of the old tariff, were it still in operation, would have amounted to \$4,161,918.

But there is a point concerning which we have occasionally had a discussion here with regard to the imports of corn, and I wish to qualify the statement I have just made in the light of what has happened with respect to our trade in corn. Under the old tariff corn was dutiable, and consequently it was important that the man handling it should discriminate very carefully between the corn for home consumption, which paid a duty and that in transit for exportation, which paid no duty. But when corn was made free the necessity for that careful discrimination no longer existed. There being no duty, the man who imported the corn might enter it at the customs for home consumption and export it a week later. If we take the quantity of corn exported and thus try to obtain a fair comparison with the former condition of affairs and make allowance in that way for the portion of the corn which increased the value of our imports, when in reality it was sent abroad and did not enter into home consumption—making allowance for that, we shall find that the average rate for last year was not 15.98 but 16.41, and I am content to take that statement instead of the former one for the purposes of comparison. Taking the rate 16.41 as the rate for the past year as against 18.28 in 1896, we shall reach the conclusion that if the old tariff had remained in operation and been applied on the imports of last year, the duty levied would have been larger to the extent of \$3,292,230. In other words, if the old tariff had been in operation as applied to the imports for home consumption last year, it would have levied and taken from the pockets of the people \$3,292,230 more than was taken by the tariff of the present government.

I am going to ask the House to bear with me a few minutes while I present some statistics which are likely to be tedious, but which will bear study.

It will be remembered that on several occasions in connection with budget speeches, series of diagrams were published which served to show very graphically the growth and progress of the business of the country from year to year. I have not done that this year. An attempt to make a statement following up the growth of business

every year since confederation would be very tedious. But I am quite sure that in the convenient form of a budget speech, we should like to have some figures which would give an idea of the progress Canada has made since confederation to the present day, and if I can do that in a condensed way, it will be useful. Instead of giving a yearly statement, I propose to take leaps of five years and only make the statement for every fifth year.

One measure of the growth of the business of the country is commonly considered the circulation of Dominion notes of all denominations.

	Circulation Dominion notes.	Increase over fifth year previous.	Decrease under fifth year.
Oct. 31, 1870.....	\$ 7,450,334		
1875.....	11,119,485	\$3,669,151	
1880.....	14,693,744	3,574,259	
1885.....	18,072,355	3,378,611	
1890.....	16,760,789		\$1,311,566
1895.....	22,893,259	6,132,470	
1900.....	28,113,229	5,219,970	

I have given the circulation of Dominion notes generally, but the small notes of one dollar and two dollars are supposed to be perhaps the very best standard by which to judge of the business of the country, because as business increases there is an increased demand for these small notes.

Circulation of Small Notes (\$1 and \$2) at the dates named.

	Circulation.	Increase over fifth year previous.	Decrease under fifth year previous.
Oct. 31, 1875.....	\$3,489,830		
1880.....	3,999,452	\$ 509,622	
1885.....	5,602,514	1,603,062	
1890.....	6,905,079	1,302,565	
1895.....	7,312,917	407,838	
1900.....	10,236,116	2,923,199	

Total Circulation of the Notes of the Chartered Banks of Canada at the dates named.

	Notes in Circulation.	Increase over fifth year previous.	Decrease under fifth year previous.
Oct. 31, 1870.....	\$18,642,895		
1875.....	25,599,331	\$6,956,436	
1880.....	27,981,567	1,382,236	
1885.....	34,576,246	6,594,679	
1890.....	36,480,649	1,904,403	
1895.....	34,671,028		\$1,809,621
1900.....	53,198,777	18,527,749	

Let me now give statements showing deposits in government and post office savings banks and banks:

Statement of Total Balances at Credit of the Depositors in the Government and Post Office Savings Banks.

	Balances.	Increase over fifth year previous.
June 30, 1869-70.....	\$ 3,337,072	
1874-5.....	7,171,181	\$ 3,804,109
1879-80.....	11,052,956	3,881,776
1884-5.....	32,979,076	21,926,120
1889-90.....	41,012,465	8,033,389
1894-5.....	44,450,498	3,438,033
1899-1900.....	53,149,722	8,699,224

Statement of Deposits by the Public in the Chartered Banks at the dates named.

	Deposits.	Increase over fifth year previous.
June 30, 1870.....	\$ 54,074,760	
1875.....	61,094,860	\$ 7,020,100
1880.....	76,244,065	15,149,205
1885.....	95,030,429	18,786,364
1890.....	128,631,455	33,601,026
1895.....	182,688,227	54,056,772
1900.....	277,256,716	94,568,489

The following figures will show the exports of Canadian produce by five year terms in the same way:

Statements of Exports of Canadian Produce for the years named.

	Exports.	Increase over previous fifth year.
1869-70.....	\$ 67,045,868	
1874-5.....	70,749,660	\$3,703,792
1879-80.....	74,671,452	3,921,792
1884-5.....	81,158,715	6,487,263
1889-90.....	87,697,368	6,538,653
1894-5.....	103,085,012	15,387,644
1889-1900.....	170,642,369	67,557,357

Statement of Total Imports for Home Consumption for the years named.

	Imports.	Increase over fifth year previous.	Decrease under fifth year previous.
1869-70.....	\$ 71,237,603		
1874-5.....	119,618,657	\$48,381,054	
1879-80.....	71,782,349		\$47,836,308
1884-5.....	102,710,919	30,927,670	
1889-90.....	112,765,584	10,055,665	
1894-5.....	105,252,511		7,513,073
1889-1900.....	180,804,316	75,551,805	

Statement of the Total Trade of Canada for the years named.

	Total Trade.	Increase over fifth year previous.	Decrease under fifth year previous.
1869-70.....	\$148,387,329		
1874-5.....	200,957,262	\$52,569,933	
1879-80.....	174,401,205		\$26,556,057
1884-5.....	198,179,847	23,778,642	
1889-90.....	218,607,390	20,427,543	
1894-5.....	224,420,485	5,813,095	
1889-1900.....	381,517,236	157,096,751	

I thought, Sir, that, in the absence of diagrams, these condensed statements would give us a hurried review of the progress of Canada in these various departments from the time of confederation down to the present.

So much has been said about the Yukon, that I am sure that the House will be interested in knowing something about the receipts and expenditures of that district. I have first made a statement of the royalties, because that is a special item, and, perhaps, should be separated from the general receipts:

Royalties—Yukon.

1898.....	\$237,423 55
1899.....	575,812 79
1900.....	730,771 99
Six months to Dec. 31, 1900...	446,184 28

\$2,040,192 61

Showing that in the three and a half years, we have received in the way of royalties alone from the Yukon the sum of \$2,040,000, I have had a larger statement prepared, however, which is not confined to royalties, but will show briefly the receipts and expenditures of all classes on account of the Yukon territory:

YUKON TERRITORY.

REVENUE.

	1896-7.		1897-8.		1898-9.		1899-1900.		Total.	
	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.
*Interior.....	8,593	00	735,485	09	1,261,816	30	1,130,965	49	3,135,859	88
Post Office.....	50	00	2,083	50	9,461	28	21,550	99	33,145	77
Customs.....	9,873	24	63,185	39	482,098	55	613,191	97	1,168,349	15
Public Works.....							33,716	88	33,716	88
Fisheries.....							4,601	48	4,601	48
Total.....	18,516	24	800,753	98	1,753,376	13	1,804,026	81	4,376,673	16

*Including royalty, miners' certificates, mining fees, land sales, rentals, timber dues, placer grants, &c.

It is but fair to state that the Yukon should be credited, I think, with a further sum. These figures represent only the actual collections in the Yukon. But we all know that a very large proportion of the goods imported at Vancouver or Victoria, or, for that matter, in the eastern cities also,

while paying duties at these respective ports of entry, are afterwards shipped to the Yukon, and, in that way, I have no doubt, the Yukon has added very largely to our revenues in addition to the sums I have stated. As to expenditures, the following table will give the figures:

EXPENDITURE.

	1896-7.		1897-8.		1898-9.		1899-1900.		Total.		
	£	cts.	£	cts.	£	cts.	£	cts.	£	cts.	
Interior	5,998	47	47,026	65	223,526	24	331,850	21	608,491	57	
Post Office	40	00	43	33	21,950	39	112,368	57	134,402	29	
Customs	3,938	78	3,239	09	28,931	88	30,561	84	66,671	59	
Public Works			14,000	00	68,619	32	118,544	05	201,163	37	
Railways and Canals			4,996	00	55,952	92	24,457	50	85,406	42	
Justice				933	97	12,646	98	22,673	56	36,254	51
Mounted Police	22,134	76	495,770	08	874,852	72	492,427	52	1,885,185	08	
Militia			99,975	75	387,763	41	173,266	21	661,005	37	
Marine							800	00	800	00	
Total	32,112	01	665,984	87	1,674,243	86	1,306,949	46	3,679,290	20	
Excess of receipts over expenditure on consolidated fund							8697,382	96			
Public Works capital							568,874	90			
Excess of receipts over all expenditure							8128,508	06			

Thus we find, if we take all the expenditures chargeable to consolidated fund and this extra sum chargeable to capital, our revenues from the Yukon, without counting the indirect revenues I have referred to, amount to \$128,508.06 over and above all expenditures in that district.

Now, it was the policy of the government, at the beginning—to use an expression which has become current—to make the Yukon pay for the Yukon; and that has been carried out. And, now, Sir, in view of this very handsome financial statement to the credit of the Yukon, and in view also of the desire of the government to encourage the development of mining in the Yukon as a permanent business, now that the first rush for rich creeks has passed, my hon. friend the Minister of the Interior has been able to announce a very important step—that is, that the royalty in the Yukon district instead of being 10 per cent, shall hereafter be 5 per cent. That, I have no doubt, will be a very important concession for the development of the country. We do not think that a reduction was needed earlier. So long as the first flush of the Yukon excitement was on, the people were ready to go in and pick up their nuggets and pay the royalty cheerfully. But that is over, and, if that is to be a permanent mining district, mining must be carried on under better conditions than heretofore. Everything that increases the cost of mining is a disadvantage to the miner and to the development of the district. So, my hon. friend the Minister of the Interior has concluded to advise that this reduction should be made and we have accepted it. This does not necessarily mean that the revenue will be reduced by half. For my part, I am a great believer in the idea that you can sometimes get as much money out of a low duty

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as out of a high duty. I am not prepared to say that it will be so in this case, but, undoubtedly the tendency of high duties is to lead to smuggling. Therefore, with a less royalty than we have heretofore had we shall be able the better to collect the revenue, and I trust we shall not have so great a falling off in the revenue from that source as might seem probable from the mere announcement of the reduction of the duty.

The House will be glad to be informed as to the expenditure on the South Africa contingents and the garrison at Halifax. We appropriated two millions for the war in South Africa, and the probability is that that will just about cover our expenditure.

The following figures show the expenditures upon the contingents:

Expenditure on South African Contingents.	
1899-1900—	
First contingent	\$ 305,503 57
Second "	946,714 48
General	185,387 77
	<u>\$1,437,605 82</u>
Less refunds	8,247 22
	<u>\$1,429,358 60</u>
Expended to Feb. 26, 1901, from June 30, 1900	539,356 77
Estimated further expenditure	35,000 00
	<u>\$2,003,715 37</u>

Thus it will be seen that the expenditure will probably be very slightly over the amount already appropriated. Over and above that, however, we have made provision for a special item with respect to the garrison at Halifax. It will be remembered that it was the desire of Her Majesty's gov-

ernment to withdraw the Imperial regiment from Halifax in order that they might take part in the war, and the suggestion was thrown out that Canada might garrison Halifax. That was very cheerfully done. What may be the future of the arrangement we have yet to know and to announce to the House. The following figures will show the expenditure on the Halifax garrison :

Halifax Garrison.	
1899-1900	\$116,265 14
Expended between June 30, 1900, and Feb. 26, 1901	184,711 73
Estimated further expenditure, 1900-1901	85,000 00
	<u>\$387,976 87</u>

Recapitulation—South Africa Contingents and Halifax Garrison.

The expenditure on the South African war and Halifax garrison may be summarized thus :

Expended in 1899-1900 for South Africa contingents and the Halifax garrison	\$1,547,623 74
Expended from June 30, 1900, to Feb. 28, for South Africa contingents and Halifax garrison	724,068 50
Estimated further expenditure to June 30, 1900	120,000 00
Total	<u>\$2,391,692 24</u>

So that at the close of the fiscal year the account will probably stand, \$2,000,000 expended for the contingent in South Africa and \$387,000 expended on account of the garrison at Halifax. I am glad to be able to make a very satisfactory statement with regard to the credit and standing of Canada abroad. Happily, under all governments Canada's credit for a long time has stood strong, and we have reason to congratulate ourselves that during the past two or three years circumstances have helped us to add to that strength. The House will remember in the last parliament we passed an Act whereby, in conjunction with an Imperial Act, arrangements were made for placing Canadian securities upon what is called the Trustee List of England. It has happened that during the past year or two the condition of the money market in England has been one of considerable severity. If we were merely to look at the quotations for our loans without reference to the conditions surrounding them, we might easily reach the conclusion that Canada had merely held the credit she had several years ago. I think, however, we can comfort ourselves in the belief that we have strengthened our position somewhat. Our 2½ per cent loan, which I had the pleasure of placing in London in 1897, was issued at a little more than 91½, £90 10s. and a fraction. These stocks went as high in 1898 as 94½, and they have been as low at times as 89. In the latest quotations our Canadian 2½

per cents are quoted at 92, which is only a fraction better than they were when they were placed on the market in 1897. But if we would correctly understand our position in this respect, we will look at the price of standard British securities, the consols, as they stood in 1897, and as they stand now. We find that in 1897, when our loan was issued at 91½ and a fraction more, British consols were quoted as high as 113½. To-day Canada's securities stand a fraction better than they did when they were placed on the market in 1897, but British consols, which were quoted as high in that year as 113½, in consequence of the stringency of the money market and the difficulties arising from the war, have fallen as low as 97½. So when you come to compare the conditions as they were in 1897 and the conditions to-day, you will discover that while in the actual condition of the money market all securities have fallen to a considerable extent, while the standard security of all British consols has fallen in a very marked degree, the securities of Canada have held their own and stand to-day a fraction better than when the loan was placed in the year 1896.

I have referred, Mr. Speaker, to the question of the bounties on steel and iron. There is a matter in connection with that subject which I should now mention to the House. The policy of paying bounties on steel and iron was adopted a good many years ago, and by some strange process, the exact reason for which one cannot easily find, that was never made a direct payment from the treasury. A curious process was adopted whereby these payments were treated as refunds or drawbacks in the Customs Department. Now, if a man pays duties under an error and has to have a refund, that is right; the amount should be deducted from the customs revenue, because it affects the customs revenue. But the payment of a bounty on steel and iron was certainly not a refund, because the money never went into the treasury, and why it should come out of the treasury in the form of a refund or payment in that way, I have not been able to ascertain. However, that was the method established and we have followed it up to the present time. The consequence has been that our actual revenue for customs has been stated somewhat less than it really was, because it was charged with these sums. Hitherto they have not been much, they have been much in the aggregate, but in any one year up to the present time the amount has not been large enough to become a matter of any considerable consequence. But with the prospect of having to pay very large sums now and for several years to come for that service, I think the House will agree with me that it is time there was a change in the method of book-keeping. I propose, therefore, that hereafter, beginning

with the 1st of July next, whenever payments are made in the way of bounties on iron and steel, they should be paid directly from the treasury and should be shown in the public accounts in that way, instead of appearing in the Auditor General's Report, which is the only place you can conveniently find them, as a refund of duty, which is of course entirely incorrect. Now, I think the House generally will agree with me that this is a wise policy. There is one other point in connection with the matter. If these bounties were to be paid continuously from year to year as part of our ordinary expenditure, we should of course have to charge them against the revenue of the year, they would have to be charges against income. But the House is aware that we are treating this as a temporary subsidy for the establishment of a great industry, and we propose that that should cease to exist this year in a short time—in six years from the 1st of July next. We propose, therefore, to treat this precisely as we do a railway subsidy, and that it should appear in a statement of the public accounts exactly as a railway subsidy now appears. That will make a slight change in some comparisons that are occasionally made. If we want to be absolutely exact in our calculation with respect to customs revenue and with respect to surplus and deficit, a careful note must be taken by those interested in such discussions, and it will be admitted that it is better that we should make a change in the way I propose than that we should go on paying large sums of money, one million, two millions, some persons say three, four or five millions, in the way that it has hitherto been paid, thus diminishing our apparent customs revenue, instead of paying it as a direct charge upon the country.

Mr. WALLACE. Will it be charged to consolidated revenue fund?

The MINISTER OF FINANCE. It will not be charged to consolidated revenue fund.

Mr. WALLACE. Why?

The MINISTER OF FINANCE. It will be treated as a railway subsidy. We have treated railway subsidies, not as chargeable to the ordinary revenue of the year, but to a special revenue, and not as if it were to become an ordinary and annual charge. If it were a continual charge it would be perfectly right to charge it against the consolidated fund, that is, against the ordinary expenditure of the country; but as it is to be a special charge, existing only for a short period and designed as a subsidy for establishing a great industry, we propose to treat it exactly as the grant of a similar sum of money for the encouragement of a railway.

Mr. WALLACE. Then we understand it will be charged to capital account?

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The MINISTER OF FINANCE. Well, the book-keepers make a fine distinction, which perhaps neither my hon. friend nor myself clearly see, between capital account and railway subsidies. Perhaps the theory upon which that has been done is this: That if you make a public work, even though it is only a hole in the ground, it belongs to the Dominion, but a subsidized railway does not belong to the Dominion. That is the theory, at all events. We do not call it, technically, capital account. It is charged to a special account, but in the sense which the hon. gentleman has in his mind it is capital account, inasmuch as it is not charged in the ordinary expenditure of the year.

I do not propose, Mr. Speaker, to make any changes in the tariff. In saying that I do not for one moment assume that the tariff is perfect, I quite realize that imperfections may be shown. I realize that here and there some special interest would be pleased if we were to make some change. I am not prepared to say that there are not some cases in which there are inequalities which might better be remedied. But there are not many items in the tariff which can stand absolutely alone. Occasionally, a man comes to me and says: Mr. Fielding, I entirely agree with your policy in having a stable tariff; we do not want to make changes generally, but we want you to make this particular change, and everybody will be perfectly satisfied. But I have not found that everybody would be satisfied with the particular change which my particular friend would desire. As a rule, the tariff items have relation one to another, and it is not easy to make any considerable number of changes without opening the door to a wide revision of the tariff. I think the business men of the country have appreciated the value of some measure of stability in the tariff. I have again and again expressed the opinion that it was better we should bear some imperfection and some inequalities than to be constantly engaged in the process which is irreverently described as tariff tinkering.

Therefore, we say, considering the tariff has only been in force for four years, that we think it is not unreasonable that it shall continue for the present without the changes that some desire to have, for some will always think that it might be a little better for them, and they are patiently waiting for the day to come when there shall be a wider revision than is possible to-day and when possibly we may be able to do some of the things that they desire to-day. I think, that, while, here and there, some particular set of people, or some particular interest, would prefer that we would make changes, the judgment of the country will be that it is better to have some stability about the tariff and not make any changes at the present time.

I have stated that we shall make no changes, but that is not strictly correct, and

I shall qualify that statement in respect to one item, which is scarcely in the nature of a change but rather in the nature of an explanation of a feature of the tariff adopted last year. We have been asked to consider the question of establishing the beet-root sugar industry in this country. We have been asked to grant bounties to that industry and we have not been able to comply with that request. We found that the bounty system, adopted some years ago and put in operation, was not successful, and we are not quite satisfied yet that we would be justified in granting bounties to revive that business. In saying that it is not my wish to discredit, if I could, and I could not because my knowledge would not permit me to do so, the statements of gentlemen who have represented to us that the conditions in the province of Ontario to-day are much better than the conditions were in the province of Quebec and that, therefore, they could probably make the industry a success. We think, at all events, that we have not yet reached the point that would justify us in reviving the bounty system, which was tried before and which was a failure. At the same time, we, last year, made a concession to this industry in the form of free machinery. It was represented to us that they were hoping to secure a bounty from the Ontario legislature, and that if, in addition to that, we could grant them exemption from duty on the machinery, it would be a very valuable concession, inasmuch as machinery is a very large item in the cost of a beet-root sugar factory. Responding to that wish—of course, there are many who would have been pleased had we gone farther, but, responding to that extent—we introduced an item into the tariff for the purpose of making machinery free, but it was qualified with the words that the machinery should be of a class not made in the Dominion of Canada. That is the usual condition of any exemption of that character. It has been represented to us that that qualification, as respects the machinery being made in Canada, prevents the concession becoming of any substantial value to the promoters of this industry. It is represented, and it seems to me to be reasonable, that a beet-root sugar plant is a somewhat delicate piece of machinery and that it is important that it should all be made, or controlled, by one manufacturer or contractor, so that he may be held responsible for the equipment of the whole factory, and if he is obliged to buy one piece of machinery in Canada and another in the United States there is an absence of that harmonious co-operation that is essential to success. Taking that into consideration, we have concluded to interpret our Act of last year, and to introduce an amendment which will make it clear that for one year, reserving the question as to whether circumstances will warrant us in continuing it, we will permit the free ad-

mission, under any regulations that may be made by the Customs Department, of machinery of every kind imported for the purpose of equipping a beet-root sugar factory into the Dominion. We think, if the industry is to be put on a basis of business, if the industry is as promising a one for the Dominion as it is said to be, with the bounty which is allowed by the legislature of Ontario, and with this valuable concession, for it is a valuable concession, in respect to the machinery, an opportunity will be allowed for giving that business a fair trial in the province of Ontario. Such, however, is our hope, and I have no doubt my hon. friend the Minister of Agriculture (Mr. Fisher) will be able to lend the assistance of his department. I am told that one of the greatest difficulties that they have to contend with in this business, is, in the cultivation of a beet of the proper strength and of the proper quality. That is a matter coming particularly within the authority of the hon. Minister of Agriculture, and I have no doubt that he will be glad to lend the assistance of his department in the way of instruction, information, lectures, circulars and literature, or in any direction that tends to improve the cultivation of the beet.

Now, a marked characteristic of the present session has been short speeches and I desire to have the budget speech respond to that general feeling. After all, the only question of real importance in the budget speech, outside of the general information it contains and which may be interesting, the thing that always interests people in the budget speech is the question of tariff changes, and as we have no tariff changes to announce, there is no reason why I should occupy the time of the House with an extended speech. The tariff policy we have to offer to-day is the tariff policy which we adopted in 1897 and which we have continued up to the present time. It is a tariff policy based upon the necessities of our revenue, a revenue tariff, which incidentally affords a very considerable degree of encouragement to those engaged in Canadian industries, and having as its leading principle the principle of the British preferential tariff. I am afraid that on that question we are as wide as ever from our hon. friends opposite. Perhaps it is not easy for me to determine how wide the difference is between us, in view of some of the conflicting statements hon. gentlemen have made from time to time, but I suppose I shall not be wrong if I say that the ground taken by hon. gentlemen opposite is, that while they are in favour of the principle of a British preferential tariff, they are opposed to what they call a one-sided preference.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. Hear, hear: I am glad to receive these hear, hears, because they show that I have correctly de-

scribed, as I desire to do, the attitude of hon. gentlemen opposite. They say that they are opposed to a one-sided preference and they say our preference is a one-sided one.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. Hear, hear; and again I am glad to have it. Surely if a one-sided preference is bad, and if our preference is a one-sided one, there is only one thing for hon. gentlemen to do, and that is to bring down a resolution to repeal the British preferential tariff.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. I am bound to believe that they will do so, and if so, of course we will have at once the issue joined between us. We can respect their view although we differ from it. But, we will know exactly where we stand and we will know where they stand. They have held that we did wrong in granting a preference to the goods of Great Britain without demanding a preference for Canada in the markets of Great Britain.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. Again, those comforting hear, hears, which show that I am correctly giving the views of my hon. friends. They have been pleased to try to persuade themselves and try to persuade the public that the preference in the English market, which they desire, can be had for the asking. Year after year they have endeavoured to persuade themselves of that. I suppose, that, like a man who tells the same story again and again until he persuades himself that it is true, many hon. gentlemen opposite have persuaded themselves they can easily obtain that preference in the English market. We thought that the utterances of the English press, the articles published in the great British journals, the statements of the leading public men in both political parties, and most of all the statements of such men as Mr. Joseph Chamberlain, Sir Michael Hicks-Beach and the Duke of Devonshire, made it perfectly clear that that preference, which hon. gentlemen opposite believed it was so easy to get, could not be obtained in the English market, and that view we still hold. The only new incident that has occurred that I can recall since I last discussed this subject here, was that which occurred in connection with the meeting of the Associated Chambers of Commerce in London last summer. There the question was raised in a very gentle and modest form; in the form of a resolution asking Her Majesty's government to appoint a royal commission to inquire into the question of Im-

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perial trade. But even in that innocent form, so innocent and harmless that it is difficult to see how any one would oppose it, we find that when they asked a hearing before the British Prime Minister to present their resolution, he stated that the time was not opportune to consider it and he declined to receive the deputation. And then, discouraged and discomforted by the illustrious Prime Minister of Great Britain, they went to the Colonial Secretary. They made a visit to Mr. Chamberlain, who, I have no doubt, received them with that great courtesy and consideration which he always extends to Canadians. They tried to persuade Mr. Chamberlain that his preference should be granted, and their own records and reports show us—and can be quoted if necessary—that Mr. Chamberlain told them courteously but firmly and emphatically, that the thing could not be entertained for a moment unless they were prepared to give up their tariff protection against Great Britain. That was the basic principle of Mr. Chamberlain's statement, and these gentlemen were not prepared to give that up, nor would I have been prepared to give it up if I had been in their place.

Mr. MACLEAN. Mr. Chamberlain may have to change his mind like others.

The MINISTER OF FINANCE. Possibly. My hon. friend (Mr. Maclean) will do me the justice to say that I am dealing with things of the past and present, and we will not say too much of the future, but I say that as respects the past, in the year 1897, when we adopted our tariff, that policy of a preference in the English market was not possible. It was not possible in 1898; it was not possible in 1899; it was not possible in 1900, when the Prime Minister of Great Britain refused to even receive a deputation to talk about it; it was not possible when the distinguished Colonial Secretary told the deputation that he could not entertain the matter unless they were prepared to abandon the tariff against Great Britain.

Mr. KEMP. May I ask the hon. gentleman (Hon. Mr. Fielding) where he got his information in reference to his observation that Mr. Chamberlain refused to receive the deputation?

The MINISTER OF FINANCE. My hon. friend (Mr. Kemp) has misunderstood me. I did not say that Mr. Chamberlain refused to see the deputation. I am aware that the deputation of which my hon. friend (Mr. Kemp) was a member, called on Mr. Chamberlain. What I did say was that the Prime Minister, Lord Salisbury, refused to see the deputation which only asked the privilege of presenting this bald and not very strong resolution.

Mr. KEMP. There was no deputation to Mr. Chamberlain.

The MINISTER OF FINANCE. Do you say there was no deputation to Mr. Chamberlain?

Mr. KEMP. Not this last summer.

The MINISTER OF FINANCE. I hold in my hand the report of the delegate of the Ottawa Board of Trade, who was one of the deputation which called upon Mr. Chamberlain, and who describes Mr. Chamberlain's reception precisely in line with the statement I have just made.

Mr. KEMP. A deputation from the Chamber of Commerce did not call on Mr. Chamberlain.

The MINISTER OF FINANCE. Well, now, my hon. friend (Mr. Kemp) is a new member, and he surely does not mean to distinguish between a committee formally appointed by the Chamber of Commerce and a number of gentlemen who were members of that body. But if it was not a deputation of the Chamber of Commerce, what have we to think of the Ottawa delegate who gives a full report of the whole proceeding, as a part of the proceedings of the Congress of Chambers of Commerce in London?

Mr. KEMP. Do I understand the Minister of Finance to say that the deputation which called upon Lord Salisbury also called upon Hon. Jos. Chamberlain?

The MINISTER OF FINANCE. My hon. friend (Mr. Kemp) is mistaken again. I did not say that. My hon. friend (Mr. Kemp) tries to draw a distinction between a deputation formally authorized by the congress, and a number of gentlemen who were members of that congress, and who, I suppose, were not formally appointed for the purpose of waiting on Mr. Chamberlain. I do not think the hon. gentleman (Mr. Kemp) will ask us to treat that distinction as serious. I have here the report addressed to the president and members of the Board of Trade of Ottawa. It is of very great length, and the House would not justify me for delaying them by reading very much of it, but I think I will have to give a passage. This is the report of Mr. Thomas Macfarlane, the delegate from the Ottawa Board of Trade.

Mr. WALLACE. Is that the Dominion analyst?

The MINISTER OF FINANCE. I think likely. He seems to have analysed this question over there very well.

Some hon. MEMBERS. Hear, hear.

Mr. WALLACE. He did not represent the commercial men of Ottawa very much.

The MINISTER OF FINANCE. He was appointed by the Board of Trade of the city of Ottawa to represent them, and my hon. friend (Mr. Wallace) is not treating that body with very great courtesy when he says Mr. Macfarlane did not represent them. I presume if he was delegated by them that he fully represented them. This report recites the story of the failure of the deputation to obtain a hearing from Lord Salisbury, and then it goes on to say:

Chamberlain interview.

Quite as interesting as the proceedings of the congress itself were certain events which happened after its close, and in which some of the delegates took part. Most of them received a copy of a printed circular containing the letters from the Premier and the President of the Board of Trade in which they declared the time to be inopportune for discussing the subject of increasing and strengthening trade relations between the different portions of the Empire. This was a great disappointment, and it was, I believe, in order somewhat to make amends for it, that Lord Strathcona arranged with the Rt. Hon. Mr. Chamberlain that he should informally receive some of the Canadian delegates.

My hon. friend (Mr. Kemp) will see that they did not go formally. They were not formally delegated by the Chambers of Commerce to go, but a number of the Canadian delegates went to Mr. Chamberlain, and I think they did quite right to do so.

Mr. KEMP. That does not say what Mr. Chamberlain stated.

The MINISTER OF FINANCE. My hon. friend (Mr. Kemp) is too hasty. He had better wait. I trust the House will pardon me if I have to read a somewhat lengthy extract. The report goes on to say:

This interview took place on the 10th July, when, besides the Colonial Secretary, Lords Selborne, Amthill and Strathcona were present. Of delegates: Mr. Kemp of Toronto, Mr. Cockshutt of Brantford, Dr. Parkin, General Twigge and I attended, who all had an opportunity of pressing upon Mr. Chamberlain our views regarding trade relations. Messrs. Kemp and Cockshutt spoke generally of the advantages of preferential trade, and Dr. Parkin tried to show the necessity of having the subject properly investigated by a commission of experts. Mr. Chamberlain replied in a quiet conversational way and endeavoured to show that no progress could be made until the colonies abandoned protection as against Great Britain.

Some hon. MEMBERS. Hear, hear.

Mr. KEMP. Will the hon. minister allow me to say, that I understood the Finance Minister to state that the deputation which desired to wait on Lord Salisbury, also wished to wait on Mr. Chamberlain. That

is what I meant, but perhaps I did not make my point very clear.

The MINISTER OF FINANCE. I quite agree with my hon. friend (Mr. Kemp) that the deputations were not necessarily the same, but the only point of my remarks was, not exactly what the board of trade did; not what any particular delegate did, but what Mr. Chamberlain said and did. I cannot understand how the force and effect of what Mr. Chamberlain said and did is in the smallest degree touched by the circumstance as to whether the delegation went by one street or by another. I thank my hon. friend (Mr. Kemp) who interrupted me, because I know he was present, and I think he did quite right in going to Mr. Chamberlain. The point I desire to make in all sincerity is this: that these hon. gentlemen who have persuaded themselves that this getting of a preference in the English market was an easy and simple thing, have been mistaken, and they must know it now from the highest possible testimony. Again and again it was suggested that Mr. Chamberlain in some mysterious way had given them some encouragement, but here is the latest utterance of Mr. Chamberlain quoted by a gentleman who is known to be an enthusiastic advocate of that kind of preferential trade, and Mr. Chamberlain says distinctly that you cannot get that kind of preferential trade unless you will take down your tariff altogether against England. My hon. friend from Toronto would not be willing to do that, and I am frank enough to say that I would not be willing to do it either.

Now, I have said all this concerning the past. We do not deny that if we did get that preference in the English market, it would probably be of some advantage to the Dominion of Canada; but we say that is a question for the Imperial authorities rather than for us. If we could get that preference, we are as willing to assist in availing ourselves of any advantage which might come to Canada through it as any of the hon. gentlemen opposite. The only difference between us is as to the possibility of getting it and as to the means of getting it. I do not believe, Sir, that it can be obtained to-day. I do not believe, notwithstanding all that one reads in the telegrams from the other side, that we are likely to have a change of front immediately on the part of the Imperial government on the trade question. Yet I would not speak of the future. We live in times of great movements and great changes. I will not say that at no future time in the history of the empire, and the early future possibly, shall this preference be given. Again and again I have stated in this House that that is a question which we must be content to leave to the future. We have believed that the true policy of preferential trade was, not to make demands on the Imperial gov-

ernment which we well knew they could not afford to yield to us. The true policy was to give to Great Britain this preference freely and openly, leaving the Imperial government and parliament to adopt that trade policy which in their judgment was best adapted to the interests of the English people. But, if this preference, which my hon. friends opposite desire to obtain, is ever to come, I beg them to accept my opinion, my assurance, which I give them in all sincerity, that they will never obtain it by the methods they have employed—that they will never obtain it by demands on the home government which are obnoxious to the great mass of the English people. We have much to hope from cultivating the good-will of the English people. I venture to say, as I have said before, that if the time ever comes when we are to receive that preference, we shall not receive it as the result of any huckstering or bargaining between England and the colonies, but as a result of the development of that Imperial sentiment which may override questions of political economy, and in the creation and development of that Imperial sentiment a large and important factor has been the British preferential tariff of the Canadian government.

Mr. E. B. OSLER (West Toronto). Mr. Speaker, I must congratulate the Finance Minister and the government, as I congratulate the country, upon the statement of prosperity which the hon. gentleman has been enabled to show to Canada to-day—a prosperity which we one and all delight in, and which the Conservative party claim to have had a very considerable hand in promoting, by means of the policy which they adopted in years gone by. This claim, however, the Finance Minister and the government dispute; they take issue with us on the question of protection and free trade. We as a party claim that protection has materially advanced the interests of Canada. We contend that without protection the interests of Canada would be very seriously impaired, no matter how bountifully Providence might bless us with crops or how rich our mines might be.

The Finance Minister. I am glad to say, has been able to make a very short budget speech. He has quoted comparatively few figures; and I do not propose to object to or in any way challenge the figures he has quoted. Our trade has very largely increased; our imports, our exports, our revenue and our expenditure have all increased. The government are trustees for this country. They are not spending these enormous sums of money, or should not be spending them, as their own, but should be spending them for the benefit of the country. In the last four years they have had a revenue amounting to \$30,980,000 over and above the revenue of the preceding four years. This amount they have taken in

direct taxation out of the pockets of the people over and above the expenditure. This surplus of revenue over expenditure should be treated in one of two ways: it should go either to reduce the taxes or to reduce the debt of the country. What indication has the Finance Minister given us that he has treated this surplus in either of these ways? He has spent it with a free hand. He has not been able to show us a decrease in the net debt of the country; but, on the contrary, in the last four years he has increased the debt to the extent of \$6,900,000, notwithstanding the enormous increase of revenue which he has had at his disposal.

The hon. gentleman boasts of the increased trade of this country with Great Britain. He was asked how the exports of the United States to Great Britain stood. He had not the figures at hand. The exports from the United States to Great Britain show an average increase in the last four years of \$105,000,000 a year. Naturally our imports from Great Britain should show an increase; but they have not increased in any greater proportion than the imports of the United States from Great Britain, notwithstanding our boasted preference.

I agree with all the figures which the hon. gentleman has given us as to the increased deposits in our banks and the increase in the circulation of Dominion notes. I give him credit for all the figures he has given as bearing on the prosperity of the country. I give him full credit for the surplus he claims, but I deny that the government have made a good use of that surplus. I agree with the hon. Minister of Finance that we are perhaps on the crest of the wave of prosperity and that it will continue for some time to come. When we have to face a falling revenue, however, how are we going to meet it? It is a very hard matter to cut down expenditure. We have increased our expenditure over the sum which the Finance Minister in the Mackenzie government stated was ample; we have added to that by millions of dollars, yet that hon. gentleman's voice is not raised against it. We have been spending money freely.

The hon. gentleman has no thought for the morrow. Is he going to make no endeavour to restrict the amount of our debt? He tells us that the bounty to be paid on iron he will not consider as a payment out of revenue, but will add it to our debt. Is there to be no limit to this method of conducting business. Where are all the professions of economy and all the platforms of the present government when in opposition, which many of us thought were good platforms. They proposed to reduce expenditure, they proposed to cease bonusing railways and other works which they thought should not now require public money. For many years before I became a member of this House, I protested, whenever the occasion presented itself, against this continued

bonusing of railways. That system has become a channel for the wasting of public money. If hon. members will turn to page A-75 of the report of the Auditor General, they will find instances to illustrate my contention. On that page there is some interesting correspondence regarding the subsidy to the South Shore Railway bridge at Sorel, which was given a bonus of 15 per cent on its cost. A claim was made upon the government for \$35,000 as the amount of the bonus, but the Auditor General, suspecting that something was wrong, objected, and he apparently had very great difficulty in preventing the payment of this \$35,000. He finally obtained reports from the chief engineer of the government and Mr. Keefer on the cost of this bridge. The chief engineer reported that it cost \$98,000, and Mr. Keefer reported that it cost \$112,000. On the other hand, the company allege that it cost \$210,000, or more than double the estimate of the government engineer. The Auditor General then goes on to say:

I should tremble on account of my responsibility in passing your expenditure if much of your course of action were permeated by a similar complaisance. The views of an interested creditor are not the most reliable help in the interpretation of a statute under which he is to be paid. I was told by one of the gentlemen named, without my seeking his opinion, that in endeavouring to determine the value of the work I was giving myself much unnecessary trouble. There is a name to this kind of advice, but I do not need give it.

Apparently the Auditor General had the greatest difficulty, judging by this correspondence, with the Deputy Minister of Railways and Canals, in preventing the government paying out fraudulently \$35,000 of a bonus on that bridge, or 15 per cent on an estimated cost of \$215,000, when the bridge really cost only \$90,000. Let me further draw attention to the fact that that same bridge was bonused by the Quebec government and the town of Sorel. The Quebec government had paid its \$15,000 subsidy and the town of Sorel had also paid the amount of its bonus, and if this government had paid the \$35,000 asked for, it would have paid \$12,000 more as a bonus than the total cost of the bridge.

Is it not evident, when we have such an instance before us—and judging by the Auditor General's correspondence, it would appear that it is not the only instance—to call a halt in this system of bonusing railways and squandering the public money in the bonusing of railways and other public works. I say it is the duty of the government to cease giving bonuses for the building of railways or other public works in the older provinces. What would be thought of a railway company that would apply to the state of New York or Minnesota or Illinois for a bonus towards building a railway. Yet such an application is equally unreasonable in our older provinces, because

if public works of this character are needed private enterprise will be found to build them, just as private enterprise undertakes their construction in the United States. In my opinion, we are quite as able as most of the states of the American union, to build our own railways and public works without government assistance.

It is, of course, only natural that our expenditure should increase as our trade increases, but this increase in expenditure is far outrunning any increase in revenue, and there is not the slightest attempt on the part of the government or any member of it to keep our expenditure within our means. Has the hon. the Finance Minister ever thought what would happen to this country if he should go on as he is doing for the next twenty-five years?

The MINISTER OF FINANCE. Yes, I have.

Mr. OSLER. Does he propose going on borrowing as long as he can in the English market? It seems to me he would do better to try and take advantage of a flourishing revenue to reduce our capital debt and not go on losing all the benefit of the increased revenue by continuing this system of lavish expenditure.

We have in this country one instance of a railway built without government aid, and that is the Ontario and Quebec road, running between this city and Toronto. When that road was built, the country, in the section traversed, was pretty barren, and we were not then as well able to build railways as we are now. Bonuses to the extent of \$1,000,000 had been granted it when its charter fell into the hands of people controlled by the Grand Trunk Railway. They refused to build the road and fought hard to prevent it being built, but private enterprise stepped in and supplied the money to carry through the undertaking, which cost \$5,000,000. Not a cent in bonus was asked for from this government or from any municipality, although that is one of the most expensive roads built in the country. This shows clearly that private money is forthcoming to prosecute any public enterprise when the necessity is clear.

I submit that all local roads in the older settled parts of the country should be built with private money. There is a very flagrant instance of the abuse of the bonusing system in Essex county, where the government bonused a road four or five miles long, running through a district as rich as any in Canada.

Mr. COWAN. There was no road bonused in the county of Essex last year.

Mr. OSLER. I meant the county of Elgin. A road was bonused by this government

Mr. OSLER.

which went through that county, one of the richest in this country, and which is paralleled along a distance of forty miles by another railway. That bonus was certainly not given for the good of the country, and I leave it to be inferred by hon. gentlemen what was the sinister influence brought to bear to obtain such a bonus.

There is another matter in which the government have been very remiss. The issuing of scrip to half-breeds in settlement of their claims was begun, I know, under a Conservative regime, but I have always entertained the opinion that that was a most pernicious policy, and why it should be continued I cannot possibly conceive. Last year, from the 1st of July, 1900, to the 28th of February, 1901, the government issued scrip to the half-breeds and others to the extent of \$799,798, but almost immediately on receipt of that scrip the half-breeds sold it to the agents and brokers who followed the government agents who were distributing that scrip, and I have no doubt that those who received the scrip from the government did not get on an average 40 cents for it. That would be the outside price paid. Since that scrip has been issued it has been taken in payment of lands by the government at par from the 1st of July, 1900, to the 28th of February, 1901. The government took in \$268,990 of that scrip at par.

So, they sold their bonds at a discount of 60 per cent. The hon. Finance Minister says that the credit of this country is good, yet he is authorizing and permitting the issue of government bonds redeemable by the government at par in payment for coal lands and Crown lands generally, and he has sold as much as a million dollars of those bonds to Indians and half-breeds and others at forty cents on the dollar. And he has already retired nearly \$300,000 of them at par. Now, either the credit of Canada is not very good in the North-west, or the hon. minister's way of settling with the half-breeds and others who claim scrip is not very profitable to this country.

The government claims all credit for prosperity. I would like to quietly analyse the case and find out what it is the government have done in the last four years for this country. They have made many attempts to improve the trade channels of this country—so they tell us. They have given us—so they say—a fourteen-foot channel from the lakes to Montreal. The Minister of Railways and Canals (Hon. Mr. Blair) says he knows there is a fourteen-foot channel, because it is marked on a map in his office. But the captains of vessels who go down to Montreal tell us that they cannot find that channel. The minister says in reply that they must be in conspiracy against him and in league with the forwarding companies.

The MINISTER OF RAILWAYS AND CANALS (Hon. Mr. Blair). Will the hon. gentleman (Mr. Osler) give the names of the captains to whom he refers.

Mr. OSLER. The hon. minister says that the channel must be there, but the captains cannot find it—

The MINISTER OF RAILWAYS AND CANALS. Name your captain.

Mr. OSLER. I refer to what the hon. minister himself said the other night. He said that some captains complained, but they must have a spite against him, or were in league with the forwarding companies.

The MINISTER OF RAILWAYS AND CANALS. I do not think I said that.

Mr. OSLER. If the hon. minister will refer to his own statement, I think he will find that I am quite right.

The MINISTER OF RAILWAYS AND CANALS. I do not think you are.

Mr. OSLER. I think so. Now the harbour of Montreal has not been very much improved. We have not had the cheap transportation nor have we had the increased volume of trade going through the Canadian channels that we were promised. We have not had cheaper navigation nor cheaper transportation from this country than we had before.

Now, there is one thing that the Finance Minister claimed credit for on behalf of the government, and I think it is the only thing that they have done, though whether they should ask credit for it is another matter. I refer to the preferential tariff. There is room for difference of opinion as to whether the preferential tariff is a wise thing or an unwise thing. Let us see how it works out. The government first gave a 25 per cent preference. They were so pleased with that that, having nothing else to suggest, they said: Let us go one more, and make it 33½ per cent. So, they have given the preference at that rate, which admits German, Belgian or Italian goods, the produce of cheap labour competing with our Canadian labour, the only condition being that it shall be sent to Britain and 25 per cent of British labour added to it. Then the whole amount, of which ½ is made by foreign cheap labour, comes into this country under a preference of 33½ per cent. In reality therefore, this preference works out to give the German and other cheap continental manufacturers a much greater advantage than is given to the manufacturers of Great Britain. But, let us see how it works out the other way about. One result of giving this preference to Great Britain is that Germany at once discriminates against Canada. Let us see what effect this has indirectly, and even directly, upon the farmers of Can-

ada. We were building up a very large export trade between Canada and Germany before this preferential tariff came into effect. That trade is largely increasing in the United States. The American farmers are now shipping large quantities of wheat and other grain to Germany. Now, when the American farmer ships his grain to Germany in competition with the Canadian farmer, the Canadian farmer finds that he must pay higher duties than his competitor. Here are the figures showing how much more the Canadian has to pay on various kinds of grain than the American:

Wheat	9.82 cents per bushel.
Rye	9.16 "
Oats	4.19 "
Barley	1.31 "
Corn	3.27 "
Buckwheat	2.45 "

Now, that is a very nice little bonus for the Canadian farmers to receive as one of the consequences of the preferential tariff. Yet, I do not see that they are paying lower prices for anything they buy. Are they buying their clothes, their agricultural implements, their tea or other groceries, at lower figures than they did four or five years ago? As a rule, they are paying more for what they buy. The benefit they get from Liberal rule is that they have to pay more for what they buy, while that which they have to sell they get less for. In theory, preferential trade is very nice; it looks and sounds very patriotic; but in practice it works out very badly for the unfortunate farmer.

There is one question that, perhaps above all others is interesting to us, and ought to be so, because it is of vital importance to the people of Canada—the question how to get our produce to the port on this continent whence it is to be sent to England, Germany or elsewhere. The government have done their best—and if they had gone about it they could not have done better than they did by bonusing the Grand Trunk, rebuilding their bridge, helping them to double-track their line and put on fast trains—they have deliberately set to work to divert trade from Canadian ports to foreign and rival ports.

Mr. COWAN. How about the Canadian Pacific Railway?

Mr. OSLER. I am not talking about individual corporations, but about the government and what they have done. Individual corporations will go where they can get the best. But if the government can force them to take trade through Canadian channels, so much the more do the government do their duty and so much the more does Canada benefit. Now, the government have been, for years past, spending money on the inland waters. They are proposing to enlarge Port Colborne harbour, with a possible expenditure of four or five millions. They are spending large sums of money on Mid-

land harbour, Collingwood harbour, Depot harbour, and all the channels through which grain comes from our great North-west.

They are trying to get the St. Lawrence canals deepened, they are trying to cheapen transportation to the sea, but they have not yet apparently made up their minds as to whether the future seaport of this country is to be Quebec or Montreal. Let us face that question squarely. Personally, and I think I may speak for all the members on this side of the House, if Montreal or Quebec can be made through Canadian ports from which we can send all our produce, any expenditure the government may ask for that purpose will be ungrudgingly given and endorsed by members on this side of the House. But first let the government find out which port it is to be. The hon. member for Quebec West (Hon. Mr. Dobell) says that Quebec is the best port, others say Montreal is the best port. Now, if Montreal is to be the port of this country, then we must spend enormous sums of money upon it and upon the approaches. It is impossible that Montreal can successfully compete with the American ports unless you have an absolutely safe channel, a channel well lighted, so that an insurance company will consider it safe enough to justify them in insuring a vessel passing through the St. Lawrence at the same price as they would insure a vessel coming to Portland or other ports. The government must face that question. But instead of doing that, they are spending little sums here and there, though large sums in the aggregate, in enlarging a lock or building a dock, which will in no wise contribute to the promotion of the great scheme of making Montreal a great port, if the government have such a scheme in view. It may be found that Montreal cannot be made the port of Canada—I know nothing about its capability except what I may have learned as a layman, but I am beginning to entertain a strong feeling that we shall have to go to Quebec, and that Quebec will be the port of Canada for all time to come.

The MINISTER OF RAILWAYS AND CANALS. One of them.

Mr. OSLER. Now, if it is to be one of these ports, let us find out which, and let us not go on spending all this money here and there, frittering it away, instead of using it for the purpose of building up a national port. We are wasting money on little local railways that will benefit no one except those who receive the bonus, while at the same time that we have no intelligent idea of what is going to be our national port. So far, the result of the action of the government has been to divert trade from our Canadian ports, and to build up American ports; I make the assertion, Mr. Speaker, that the government have materially contributed to that end.

Mr. OSLER.

Mr. HYMAN. Will the hon. gentleman be kind enough to explain his position, and tell us his ideas with regard to a summer port?

Mr. OSLER. Now, Mr. Speaker, I do not propose, as I said in the beginning, to enter into a criticism of the figures with which the Minister of Finance has presented the House. I think, as a rule, his figures are all right; but I join issue with him upon the causes which have enabled him to present so favourable a statement. I do not think he is entitled to congratulate himself and his fellow-ministers, or to take any credit for the prosperity with which this country has been favoured during the past three or four years. I contend that the government have entirely misused that prosperity, they have taken advantage of it to inaugurate a rule of extravagance. In no single instance have they attempted to practice economy. They do not seem to have made up their minds as to what they should do with their surplus. I hope that if another year of prosperity should follow, such as we are now enjoying, and if the Minister of Finance is able to congratulate himself upon an enormous increase of revenue, he will also be able to say that he has reduced the burden of taxation upon the people of this country, that he will point out that while our revenue increases, it is the duty of the government in charge to lighten the burden of the people, either by reducing taxation on the necessities of life, or by reducing the public debt.

At six o'clock, House took recess.

After Recess.

House resumed at eight o'clock.

Mr. JAMES CLANCY (Bothwell). Mr. Speaker, we rarely witness the spectacle we had this afternoon in regard to this debate, probably one of the most important debates during the session, the one in which the public will take more interest probably than all others. When the hon. Minister of Finance (Hon. Mr. Fielding) had delivered his budget speech, when he had settled so far as the expectations of the people were concerned any question that may have arisen in regard to the tariff, when he had generally entered upon a discussion of the finances of the country during the past year, and when an hon. gentleman on this side of the House had risen in his place and replied to him, we found, for the first time in the parliament of Canada, I will venture to say during the whole history of the parliament of Canada, hon. gentlemen put on that splendid, but ill-concealed disdain and refused to make reply to the hon. gentleman who answered the speech of the hon. Minister of Finance. What have we now? The House is barely graced with the presence of the right hon. Prime Minister (Rt. Hon. Sir Wilfrid Laurier). There is not another minister of the Crown in his place.