

from the Imperial legislation on this subject, with some modification. He thought it was only proper to mention that the question had been raised as to the constitutionality of this act. It had been stated that some provisions, at any rate, which he desired to embody in the Act, were rather in the scope of Local than of Dominion legislation. He understood, though he had not had an opportunity of communicating with himself, that the Attorney-General of Ontario had expressed the opinion that legislation on this subject should be initiated in this House.

The Bill was read a first time.

FELONIES AND MISDEMEANOURS.

Mr. McDOUGALL (East Elgin) moved for leave to introduce a Bill for the more speedy trial in certain cases of persons charged with felonies and misdemeanours in the Provinces of Ontario and Quebec.

MR. SPEAKER said the hon. member had not given the necessary notice of his motion.

The motion was allowed to stand as a notice.

THE BUDGET.

Hon. MR. CARTWRIGHT, in moving the House into Committee of Supply, said :—

MR. SPEAKER,—It is always a matter of some interest, after any considerable changes have been made in the tariff to examine how they have affected the year in which they occurred or succeeding ones; and probably on the present occasion somewhat more than usual interest may be attached to that subject, because those changes, as the House knows, were of rather an important character. It will also be my duty, on the present occasion, to give the House some explanations with regard to the loan negotiated last June in London, and I propose to take advantage of this occasion to briefly review the general financial position of the country, and to explain the mode which the Government think ought to be adopted to meet the very serious obligations in which we are involved. Now, Sir, as the House has been in possession of the Public Accounts since the first days of the Session, and as the Estimates do not require, I hope, any very great time to enable hon. members to understand them, I shall proceed without

Mr. Moss.

further preface to briefly review the condition of the financial year ending 30th of June, 1874. Perhaps for convenience it may be as well, instead of adopting the somewhat cumbersome form of "1873-74," to say when hereafter I refer to any year, "I mean the financial year terminating on 30th June, in the year named." Now, Sir, if hon. gentlemen will refer to that page of the Public Accounts containing a comparative statement of the receipts and expenditures from the commencement of Confederation to the present time, they will observe that in the expenditure for 1874 a total sum is set down of no less than \$23,316,000 in round numbers, being an excess of about \$4,140,000 over the expenditure of the year preceding. It will be well that I should enumerate the causes which have led to that very large and remarkable increase. These, Mr. SPEAKER, placed in round numbers before the House, are as follows: In the first place, an augmentation took place in the charges on interest on debt to the extent of \$500,000. In the next place, owing to the admission of Prince Edward Island into the Union, our annual charges were increased nearly \$600,000. The assumption of the Provincial debt, and the subsidy granted to New Brunswick, in *lieu* of export duties on timber, amount together to \$850,000, while the additional expenditure incurred for the proper maintenance of the railroad system of the Dominion involved no less a sum than \$900,000. While I am on this subject I may as well state that the Government have carried out, as they declared they would, during last Session, the policy of charging to Income Account everything that properly belongs to the maintenance of these railways. On this subject I may have something to say further on, but for the present I shall content myself by merely adverting to the circumstance. Then there were statutory increases, increases of indemnity to members, and other subjects of a similar character, which required \$400,000. The item of elections involved an expenditure of nearly \$200,000. The North West Mounted Police, \$200,000; Indians, and similar purposes, \$100,000; Post Office, \$300,000, and various other miscellaneous charges, \$200,000, making a total of \$4,250,000, which represents, and a little exceeds the increase to which I have called attention.

And this increase, Mr. SPEAKER, is specially noteworthy, because, as the House will see the great portion of it is in what is called statutory charges, over which the House has no further control, and for which this Government and all future Governments will have to make provision. Turning to the other side, the House will perceive that the total receipts from all sources amount to \$24,200,000; being an increase over the preceding year of \$3,400,000; leaving, therefore, a nominal balance of \$880,000 to the credit of the past year. It may be as well that I should mention, however, that in this nominal balance are included two sums, one of \$166,000 received from Ordnance lands, which was paid late in the year, and is to be treated as a casual rather than an ordinary item of revenue; and another of \$45,000, which was returned us by the British Government, but which, together with a much larger sum, will have to be defrayed from the expenditure of the current year on account of the Boundary Survey. In fact, it is a mere cross entry, which, strictly speaking, should not have appeared in our accounts at all. The net balance, therefore, according to my computation from revenue sources, amounts to about \$650,000. Now, sir, I propose to devote a short time to explaining somewhat in detail the effect of the recent tariff changes in creating this revenue. I dare say the House will remember that in my Budget speech last year I made these several statements: I stated to the House that unless it consented to impose considerable additional taxation, there would be a serious deficit between the expenditure and the revenue for the past year. I said also that if the sums estimated for by Mr. TILLEY were to have been expended last year in addition to what we knew was about to be expended, the Estimates for the year 1874 would have amounted to \$24,100,000. I stated also, that, to the best of my judgment, the House must make up its mind for a temporary pause in the advance in our imports, and particularly our dutiable imports; but I added if the House were willing to give to the Government the supplies they demanded, I had no doubt those supplies would be ample, not only to meet present expenditures, but to make provision for our future liabilities. I shall

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proceed, Sir, to give to the House, *seriatim* the proof of the accuracy of these statements. The one to which most attention will probably be directed is the statement made by me that there would be a considerable deficit last year, but for the alteration of the tariff. If the House will look at these statements—I allude to the comparative statement of receipts and expenditure—the House will observe that in the two main items from which our real revenue is chiefly derived,—customs and excise,—there is an increase for 1874 of no less than \$2,550,000 in round numbers. Of that increase, as I shall presently show, no less than two millions of dollars, are directly attributable to the operation of the recent tariff. In turning to the Trade and Navigation returns for the past year, the House will observe that the total volume of imports into this country was a little less for 1874 than it was for 1873, the exact figures being \$127,500,000 for 1873 as against \$127,400,000 for 1874. Now, Sir, if the House will further turn to what are known as dutiable goods, imported into this country during those years, they will find that the total volume of dutiable goods imported into the country in 1874 was \$76,232,000 as against \$71,409,000 imported in 1873, being an apparent difference therefore in favour of the past year of \$4,800,000, in round numbers. From this sum is to be deducted, in the first place the sum of \$400,000, being the excess of imports into Manitoba under the four per cent. tariff, and therefore involving so small a sum of money that it in no degree affected the real comparison. Of the remaining four and a-half millions excess, or apparent excess of dutiable goods, about one and one-half millions are due to the admission of Prince Edward Island into the Union; and of the remaining three millions, one and one-half millions were caused directly by the removal from the free list, under the recent tariff, of certain goods, as any one can see on examination of the tables; and the remaining one and one-half millions was anticipated in consequence of the expectation that new duties would be imposed, and was, in fact, borrowed from the revenue of 1875 in advance to make up for the deficiency of 1874. My allegation is, therefore, that of the sum of \$2,550,000, the excess in customs and excise, no less than \$2,000,-

000 are due directly to the new tariff, the difference of \$550,000 being accounted for partly by the admission of Prince Edward Island, and partly by the regular increase which might have been expected in the Excise Department. Now, Sir, although I do not regard this point as one of very great importance, for the simple reason that the taxation was imposed not so much to meet a deficit in the year then nearly expired, as to provide for future engagements, it may be as well to give some still further corroborative proofs of that previous assertion. Now, in the first place, if we choose to compare the importations for the eight months ending the 28th February, 1873, with the same time of 1874 before the new tariff had any effect on the importations, we shall find the total of dutiable imports for 1873 amount to \$44,400,000, as against \$45,376,000 for 1874, being a difference in favour of 1874 of \$1,170,000 in round numbers, almost all of which is due to the admission of Prince Edward Island. Or taking another form of proof.—Take the ten days' statements of the money paid into the exchequer from the first to the tenth of April, and from the tenth to the twentieth of April, of 1873 and 1874, and we have these results—(I am including both customs and excise):—In 1873, between the first and tenth of April, we received \$515,000. In 1874 we received \$1,375,000 during the same period, being a difference in these ten days of \$860,000. In the succeeding period, up to the twentieth of April, as against \$336,000 in 1873, we received \$1,171,000 in 1874, amounting to a difference of \$835,000 in these two periods of twenty days, or rather two periods of ten days. We gained as nearly as possible \$1,700,000 under the operation of the new tariff. As I have said, the House will remember that this was to a certain extent borrowed from the revenue of 1875. The remaining two or three hundred thousand dollars are much more than accounted for by the operation of the tariff, as evidenced in these tables. With respect to my second statement, that if the sums estimated for by Mr. TILLEY had been expended in addition to those which we knew would be expended, the estimates must have reached at least \$24,100,000, very little explanation is needed. The House is aware that the

estimate of the sums expended in Public Works chargeable to income falls short of that estimated by Mr TILLEY, by no less a sum than \$624,000. The House is also probably aware that the sum of \$250,000 demanded by him for working the Inter-colonial Railway was not expended, and the further sum of \$40,000 on account of boundary survey is not charged in last year's account, although the money has actually been expended, and will have to be paid this year to the British Government. These three sums combined exceed \$900,000, and the House will therefore see that I was within the mark, and not above it, when I stated to the House that those estimates would not exceed \$24,100,000 on the presumption stated by me. Now, with respect to my further statement that there was a strong probability that there would be a pause in the volume of the general imports of this country for at least two or three years, the House need only turn to the Trade and Navigation Returns to see that that statement has been literally verified. The total volume of trade for 1873 amounted to \$127,500,000. The total volume of trade for 1874, even remembering that Prince Edward Island is included, only amounts to \$127,400,000, being a falling off in the total volume of trade of \$100,000. The apparent increase on dutiable goods I have already sufficiently explained. I have in my hand a statement recently given me by the Commissioner of Customs, showing the exports and imports for the six months of the current year as compared with those of the six months ending on the 31st of December, 1873. The result of these I will briefly read to the House. During the half year ending the 31st December, 1873, our total exports amounted to \$57,251,000. During the six months of the current year, our total imports appear to have amounted to \$53,357,000, being a decrease, I am sorry to say, of nearly four millions. Of articles entered for consumption our total imports amounted to \$71,068,000 in 1873, and in the corresponding period of 1874, the total imports amounted to \$69,588,000, being a deficit of about one million and a half. This I want the House to bear in mind is partly explained by the fact that we have virtually borrowed a portion of the revenue of 1875 for the benefit of 1874. With respect to the fourth statement made by me

—that if the House consented to grant those supplies for which we asked, we did not think we would be likely to call upon them for further supplies—I will reserve any further comment until a later period of my remarks. I may, however, take this opportunity of stating briefly that so far as we can now judge, I have no reason to believe that the estimates I made of the probable receipts for 1875 will fall short. Up to the present time the Estimates have corresponded very nearly with the Estimates made by me, and possibly they may be slightly exceeded, although it is too soon yet to form any correct idea of the trade movements during the remaining portion of the year. As regards the expenditure for 1875, I think my hon. friend beside me (the Minister of Public Works) may be able to make a considerable saving in those two large items, namely, public works charged to income, and the maintenance of public works ; but on the other hand, I am afraid I shall be obliged to bring down certain Supplementary Estimates, it being scarcely possible for any Department, however vigilant, to avoid incurring some such Estimates in a period of nearly eighteen months. With respect to the Estimates submitted by me the other day, having reference to the probable expenditure for the ensuing year, the House will observe that the sum total chargeable to income is estimated at \$24,857,488, being a trifle less than the sum estimated last year, which amounted to \$24,883,000, a certain portion of the sum placed on the Estimates being carried forward. Now, if hon. gentlemen will refer to those Estimates, they will see that we have been obliged to ask for considerable increases in the following services : In the first place, recent negotiations in London have required an increase in the interest on the public debt to the amount of \$182,344. In the next place, the Post Office Department will demand an increase of somewhat over \$200,000, combining in that statement the sum demanded under the head of Post Office, and a considerable charge which will also be required under the head of Civil Government. For Menonite Loan, which was alluded to by my honorable friend the other day, and which I fully expect will be returned to us, we will require a further sum of \$100,000. For Dominion lands, in consequence

of the demands being constantly made upon us in that direction, we shall be obliged to ask the House to give us this year \$200,000, instead of \$100,000. For the Philadelphia Exhibition we have been obliged to put a vote of \$40,000 in the Estimates, and for an object which I think the House will not grudge, namely, the rewarding of the few remaining veterans of 1812, and for this purpose we ask for an increase in the pension list of \$50,000. In addition to these, customs and the administration of justice will require an augmentation of about \$70,000. The increase in the case of the Administration of Justice is almost entirely statutory, and will require no explanation from me. The increase in the Customs Department, I may say, is largely due to my hon. friend, (the Minister of Customs) having determined to give the merchants in large cities exemptions from certain vexatious dues which are not enacted, I understand, from those in the smaller towns. Then there are several miscellaneous services amounting to \$80,000, which we hope will be repaid by fees, as hon. gentlemen will find stated if they will refer to the particular Estimates, to which I am now alluding. For Indians, we will require, in consequence of the recent treaty, an additional grant to the extent of some \$35,000 ; and a similar sum will be required for the reorganization of the North-West, in respect of which the Minister of Justice is about to propose a bill to the House. These I think cover all the increases of any moment to which I will call your attention in these Estimates. On the other hand, the House will see on reference to the item of Public Works, and buildings chargeable to income, we propose a reduction of \$309,000, and on Public Works under the head of "Collection of Revenue," we propose a reduction of \$488,000, which two sums contain in conjunction with the savings on Military Stores (the last of our instalments to the British Government having been paid off last year) enables us to bring down our Estimates with a slight reduction. I may remark with respect to these Estimates, that there are several of the sums which, from the nature of the case, will not need to be asked for again ; as, for instance, the grant to the Menonites, the grant to the Philadelphia Exhibition, and probably the grant that we make to

the veterans of 1812, they being almost all of them men of seventy-eight or eighty years of age, and, therefore, not likely to remain long a burden upon the finances of the country. As regards the Post-Office, my hon. friend, when these items come before the House, will give more detailed explanations than I am at present in a position to give. I may say, generally, however, that partly in consequence of his convention with the United States; partly on account of the increased facilities which he proposes to give in regard to postal matters, he will be obliged to decrease his revenue or increase his expenditure to the extent of about \$150,000. With respect to the Post Office Department, I may further say that although the expenditure is always considerably in advance of the revenue, yet it is to be remembered that the revenue increases from time to time, and I am in hopes that in the course of a year or two the receipts from that source will very nearly, or probably quite counterbalance the expenditures we are obliged to incur. As regards the estimate of our probable receipts for the year 1875-76, I may say that I make them as follows:—From Customs I think we shall derive something like fifteen millions and a half, provided no check occurs to the general volume of trade. From the Excise I estimate we will derive a further sum of five and a half millions, amounting to about twenty-one millions. From Stamps I estimate the revenue will be about \$250,000. From the Post-Office I am afraid I must expect this year something like \$1,050,000, instead of \$1,011,000, the first operation of these changes being to cause some reduction to the receipts, although I think they will ultimately increase the revenue. From Public Works I hope to receive something like \$1,700,000, and from the other sources—interest and investments and from casual receipts—a little over one million of dollars, making a sum total of twenty-five millions and a quarter, or thereabouts. Now, Sir, turning to the formidable item of capital account, which altogether will amount to no less a sum than \$14,717,000, I may briefly say that a very large proportion of this expenditure is, from the nature of the case, not likely to be repeated. For example, I hope next year that we will see the last of the

Intercolonial and Prince Edward Island Railways, as far as capital expenditure is concerned. The same remark will apply, probably, to the extension of the railway into Halifax and to a very large part of the expenditure taken for the Pacific Railway, which the House will see is no less a sum than \$6,250,000. It is not likely that either the charge for the construction of telegraph lines or for steel rails, and, indeed, for a portion of the remaining charges will require to be repeated next year. With respect to canals, so much depends on the success of the contractors in prosecuting these works with expedition, that it is impossible for me to say how much my hon. friend (Minister of Public Works) will be able to spend on that head. The House is fully aware of the practice of this department of bringing down estimates of all that can by any possibility be spent within the current year. I have suggested to my hon. friend, and I repeat the suggestion to the House, that it may be worth consideration, in view of the fact that these Estimates within my memory have always been by the practice of the department largely in excess of the sum actually required, whether the House would not permit us largely to reduce these items with the understanding that when the work has actually commenced, and the sum which is about to be expended has been fairly stated to the House, in case of need further sums should be taken. In practice no doubt this is very often done. My objection to the present state of things is simply this: That to a certain extent it affects our credit abroad when it is found that we bring down these very large Estimates of amounts which are not likely to be expended during the current year. However, there is no doubt that during the year 1876, a larger proportion of those Estimates will probably be expended than has been customary. I throw out the suggestion for the consideration of hon. gentlemen opposite, who are bound to check any unconstitutional proceedings of ours, and if they will concur, perhaps the House will allow us on future occasions to pare down these Estimates of capital account much more than we can do at present. I will now proceed, Mr. SPEAKER, to give the House explanations with respect to the loan of four millions sterling recently

negotiated in London. But, perhaps, before I proceed to do so, it may be well briefly to state to the House what has been done with the funds realized therefrom. That loan being placed at 90, realized the sum of about seventeen million and a half dollars, the gross amount being nineteen and a half million dollars, or four millions sterling, and the net proceeds being, as I have said, a little over seventeen and a half millions. Now, Sir, what we propose to do with these funds is briefly this: We propose to pay off ten millions of the public debt, including the grant to the *Seigneurs* for compensation; and the remaining seven and a half millions we intend to apply to any public works that we may undertake. Possibly, to prevent misconception, I should rather say that the loan is to free other funds in our hands applicable to such purposes, because as the loan was made for public works, it is well to observe that the money does go *bona fide* to public works, although practically the result is as I have stated. Now, as these seventeen millions and a half cost this country \$778,000 a year, and as the ten millions of debt which we propose to pay have cost us 6 per cent., or \$600,000 a year, the result of the operation is that we get seven and a half millions on hand without increasing the charge on the revenue more than \$178,000. In other words, to put the matter in a more concise shape, if the House would permit me to invest that money at the ordinary rate which we receive for deposits, we would be the gainer by the transaction to the extent of \$200,000 a year. Now, with respect to the loan itself, as far as I understand, three objections have been taken to it. First, as to the expediency of borrowing at all upon our own credit; secondly, as to the expediency of borrowing so large a sum; and, thirdly, as to the terms of the loan. With respect to the first point, I may say the Government had a good deal to consider before they determined on borrowing on their own credit. No doubt it would have been very easy to make the loan on the Imperial guarantee, but it must be observed that had we done so we would have lost a very favorable opportunity for negotiating a loan on our own credit which might not return again, and—what I consider of more importance—we would have lost the control of the market to a

certain extent, that is to say we would have lost the power to go to the English market as borrowers at such times as are most convenient and suitable for ourselves. Moreover, I think it would have placed us at a certain disadvantage with the Imperial Government and British Columbia if we had asked for the Imperial guarantee while there was any dispute between ourselves and that Province as to the construction of the Pacific Railway. For all these reasons I advised my colleagues, and they accepted the suggestion, that we should avail ourselves of the opportunity for negotiating a loan on our own undivided credit. As to the amount of the loan, I may remark that it is not quite so large as it appears. A loan of four millions sterling at 90 only amounts to about three and a half millions sterling or seventeen and a half million dollars; and although I would have been glad, other circumstances being equal, not to have placed so large a sum upon the market at once, yet bearing in mind that I had very good investments for the money if I got it, and also bearing in mind that it was absolutely imperative on me to borrow, inasmuch as six millions of debt was maturing, and had to be paid, and inasmuch as a large steady expenditure on capital account is steadily going on, I felt it was absolutely necessary to borrow, if we had a good opportunity, enough to meet these demands, more especially as Canada had appeared in the English market in 1873, and if I appeared in 1874 and then again 1875 I had the best reasons for believing that such a course would have been seriously prejudicial to the interests of this country. Now, Sir, coming to the loan itself, there are three standards of comparison by which the House can fairly judge of the merits of the transaction. They may if they choose take the price of English three per cents. They may also take the price obtained by Mr. TILLEY with the Imperial guarantee in 1873; and they may take the price obtained by other borrowers in the English market. Now, with respect to the first of these standards of comparison, I may say that at the time I was negotiating this loan the price of new consols, new English Three per Cents, was almost exactly the same as that at which our Four per Cents, were floating. The price of old consols it is true were higher, but

these, as the House is aware, are maintained at their present rate by causes to which I need not refer. Consols, therefore, are hardly a fair standard of comparison, but as the comparison has been used, I thought I might as well refer to it. With respect to the price obtained for the loan, if hon. gentlemen will compare that loan at 4 per cent. at 90 with the loan negotiated by Mr. TILLEY under the Imperial guarantee at 104, on which I beg to state the allowances taken altogether were fully equal to those made by me, they will find that the difference of interest in the two loans is just twelve shillings per cent. per annum, and the difference, making allowance for premium and discount, amounts to 4 shillings per cent. per annum, consequently the difference between a loan on our own undivided credit and one on our credit joined with the Imperial credit amounts to just sixteen shillings per cent. per annum, or in other words we placed our loan within four-fifths of one per cent. of the loan with the Imperial guarantee. Now, in order that the House may fully understand the exact position, I will refer to a statement I have here of six loans negotiated by six nations of the very highest standing in the English Stock Exchange. The first was negotiated by Belgium in 1874, a very few months before I appeared in England. This was a three per cent. loan issued at $75\frac{1}{2}$, but at the time of my arrival in England had fallen to 73. The second was a Brazilian 5 per cent. loan issued in 1871 at 89. The third was a Danish 5 per cent. loan issued at $94\frac{1}{2}$. The fourth was a Dutch four per cent. loan issued originally at 82. The fifth were Russian five per cents. which were issued during the past six or seven years previous to 1873, and ranging at various prices, one large loan in 1866 being at 86, another in 1873 at 93. The sixth was a Swedish five per cent. loan issued in 1868 at 90. I may remark that in all these cases I believe these loans not only included a heavy sinking fund, but also allowances quite equal to those made by me. Now—I speak under correction, because I am aware that although I have been at some pains to investigate the authorities on the subject, I may be deceiving myself in the statement I am about to make—I think that this general result is apparent,

namely, that the loan which was placed in the English market last June was obtained on better terms than any other loan of equal amount for the past twenty years. I believe that there was one foreign loan—the Belgium three per cent., to which I have alluded, and which was only to the amount of one million sterling, while ours was three and a half millions—which was obtained at a shade better terms, and when I state, as I have stated, that our loan was placed on the market at less than one per cent. of what was charged with the Imperial guarantee added, I think I may reasonably say that the Dominion of Canada has no reason to be ashamed of the position in which it stands in the English market. There is another point on which issue has been taken by gentlemen opposite. We have been condemned, I think unadvisedly, forelecting to issue this loan at a discount. Now, if there is one principle of finance which is better established than another, it is this—that it is almost impossible to obtain as good a price in proportion for a loan issued at a premium as can be obtained for loans issued at a discount. I need not enlarge upon the reasons that cause investors to prefer such loans. Suffice to say that the fact is notorious, and if further proof of it is wanted, it will be found in the fact that all these States to which I have alluded have preferred to issue their loans at a discount, as I did. I have not alluded to the issues of France and the United States, because great as the resources of these countries are, and high as their credit usually stands, they are debarred for many causes from any fair competition at present. I may remark, however, that the State of Massachusetts, which, as the hon. gentleman knows, has always commanded a high position in the English market, issued its five per cents. at the rate of 87 in 1870, and 91 in 1871. They appear to have been redeemable in 1891. Taking the whole list of investments as set out in the usual authorities, I think—although I am open to correction on that point—that the statement I made is literally correct, namely, that no loan has been floated on the English market of equal amount on such favorable terms within the past twenty years. Moreover, in considering the situation it must be borne in mind that no *bona fide* Canadian loan on our own

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credit had been issued since the loan raised by Sir ALEXANDER GALT in 1860, except one small loan of £500,000 negotiated by Sir JOHN ROSE under peculiar circumstances. It must also be borne in mind that the great number of foreign loans now pressing on the English market has caused an increase in the rate of interest even as regards securities of the first-class, as any gentleman will find by referring to the share list, and more particularly to the price of consols during the last twenty or twenty-five years. According to the computations made by persons entitled to respect in these matters, notably, I believe by Mr. DUDLEY BAXTER, it appears that no less a sum than two thousand millions sterling have been added to the national indebtedness of various nations in the English Stock Exchange within the last twenty years. Moreover, it may be as well to call the attention of the House to the fact, as bearing on the advisability of choosing our own time for placing our loans on the market, that the English Stock Exchange is an extremely fluctuating and sensitive body. How fluctuating it is may best be known by the simple statement that within a short period the prices of consols, although artificially kept up, varied from six to ten and twelve per cent, within a single year. It would be apparent, therefore, to the House, that in addition to doing all in our power to maintain our credit, which is essential in the English market, we must also be in a position to choose our own time for putting our loan on the market, and unless we do so, no matter how good the financial condition of the country may be, we may be required to pay more than the rates we have been previously paying. I may also remark, though this is merely a suggestion for the present, that I believe it would greatly conduce to the advantage of Canada if we could consolidate the various securities which are now bearing several rates of interest, into one consolidated Canadian stock. Some steps have been taken which, I hope will ultimately result in achieving that desirable end.

Hon. Mr. TUPPER—What rate has the hon. gentleman fixed for the Sinking Fund?

Hon. Mr. CARTWRIGHT—One-half per cent., The Sinking Fund, I may remark, in Mr. TILLEY's loan is one per cent., and, therefore, the former transac-

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tion is a little more favorable to us than would appear at first sight. My hon. friend knows that a Sinking Fund at one per cent. means a much earlier payment than a Sinking Fund at one-half per cent. And now, Mr. SPEAKER, I desire to review the present financial position of this country with reference to the engagements to which this Government and the country at large is committed. That position is one of a very peculiar character, as hon. gentlemen will readily perceive. I shall begin from the 1st July, 1874, and lay before the House a short synopsis of our financial engagements down to the year 1884, that being the period at which most of our loans now current will mature. Our position is peculiar, because, in addition to being committed to very large engagements that properly are chargeable to capital account, and which are in the nature of a debt incurred by treaty, owing partly to the Confederation, and partly to other engagements which we entered into, it will be necessary to expend some sixty or sixty-five millions of dollars during the next ten years on capital account, and we will, therefore, require to make provision for a sum of \$125,000,000 during the ensuing ten years. I desire to lay before the House a sort of summary of the mode in which I think that these heavy engagements will be met. Starting from the 1st of July, 1874. On that date, taking into consideration the loan and other assets—though the loan was not all paid up at that date—we had in cash some \$25,000,000. Of course, by this time most of that money has been expended in the way indicated, but we still have enough to carry us through the financial year ending the 30th day of June, 1876. In addition to the \$25,000,000 we have the English guarantee fund amounting to about \$20,000,000. We may also count the sinking fund applicable to that purpose, which cannot be less than \$5,000,000, and I think that during those ten years we shall probably borrow from our own people, through the medium of savings banks or other miscellaneous sources, about one million of dollars, annually, amounting in all to about ten millions more. If the House coincides with me in the opinion that it will be wise and prudent, with these heavy engagements, to maintain a steady, moderate surplus, we will have another million per

annum, amounting to ten millions more. Of the total \$125,000,000, I already see my way clear to provide \$70,000,000 in the way indicated, which would leave some \$55,000,000 to be borrowed on our own individual credit. The House will understand that twenty-five or thirty millions of this amount may be paid at our option, but there are many reasons why we should pay the whole as it matures. This sum is the loan negotiated by Sir A. T. GALT. The House will therefore see that it will be necessary to borrow \$75,000,000, (including the English guarantee,) within the next nine or ten years; in other words, it will be necessary for us to appear in the English market as borrowers four times at least during that period. If we succeed in borrowing that sum at the rates which have been recently established, the results will be as follows:—\$125,000,000 borrowed at an average of four per cent. would cost \$5,625,000, from which we deduct five or six per cent. interest on \$65,000,000, (that being the amount of the old debt maturing), which would be \$3,600,000, leaving an additional burden of \$2,025,000, per annum. We will further deduct from this the sum of \$750,000, representing interest on the Sinking Fund and on the surplus, which I propose to secure as part of our assets. This would give the total of the additional interest for which we will have to provide, if the House does not rush into fresh entanglements and engagements at \$1,250,000. Now, I have no doubt whatever that the resources of this country will be ample to meet that additional demand on us, though for reasons frequently stated by me from my place in this House, I am not willing to add to the permanent debt of the country in the shape of interest any more than I can help. But in order that we may obtain these several loans at a cheap rate several things are requisite. We must enjoy some moderate progress, which I have no doubt will take place. I am not going to reflect on the action of my predecessors, but I will simply state as a matter of fact that I found that the manner in which they entered into the Pacific Railway engagement was a serious obstacle in the way of placing a loan on the English market. We must arrange our engagements in such a manner as to be able to obtain the full and complete control of the English market so as to secure our

own time for borrowing. That is the reason why I am so anxious to retain the Imperial guarantee by which in case of need we can obtain a loan under almost any conceivable circumstances. Now, if I do not lay very much stress on the probability of a great increase in the revenue from the natural growth of the country, it is because, as every hon. gentleman knows, this country as it grows and increases in prosperity will require considerable additional expenditures, and though I hope we will always maintain a moderate surplus, a considerable portion of our natural increase must go to meet contingencies which, in a country like ours, are inevitable. There can be very little doubt that to maintain the portions of the Pacific Railroad which will be constructed will entail a considerable expenditure, and there will also be a considerable outlay in settling with the Indians in the North West, and maintaining government in that region. No doubt a certain portion of this expenditure may be fairly looked upon as productive, in the sense of bringing back into our coffers some return for the moneys expended, and I may add that of all the schemes submitted to this House, I believe that proposed by my hon. friend the Premier, for opening up that fine and considerable tract between French River and the Ottawa Valley, is the one which on the whole is most likely to add to the paying productive population of the Province of Ontario. I hope also that our merchants will be successful in finding new fields of trade which will partially compensate them for that which they have failed to obtain with the nation on the other side of the line. My advice is in view of those numerous contingencies which always occur in a country like this, that we ought to consider the natural growth as a fair offset against the inevitable expenditures which must occur in the Dominion. It is not necessary for me to spend any further time in reviewing the volume of our exports and imports. I do not consider that it is any proof that a country like ours is retrograding in any way, because there is a check to the imports. Many authorities who were entitled to great respect, state that we have rather overstepped the mark in our progress in this direction, and I look upon the check to our imports more as an indication of greater prudence in the man-

agement of our commercial affairs than anything else. Moreover, a certain portion of this falling off is due rather to the decline in value of certain articles of consumption, than to any decrease in the quantity consumed. On the whole, no branch of our trade and commerce, with the important exception of the trade in lumber, seems to have suffered, and the excellent harvest with which we have been favored during the past year will have a very favorable effect, encouraging and inspiriting every portion of the community, mercantile as well as the agricultural. There is a large portion of our imports heretofore caused by the extensive railway improvements in the Province of Ontario, and according to the statement made by the Treasurer of Ontario, in his place in the Legislative Assembly of that Province, the increase in the expenditure of the Dominion can hardly be expected to do more than compensate for the large railway expenditure which occurred in Ontario during the last four or five years. According to the statement of that hon. gentleman upwards of \$30,000,000 had been, or were about to be expended on the construction of railways in that Province alone, giving an average of six millions per annum, which, I hope, will be of such nature as to largely aid our production in that region; but it is evident that for the time being the annual expenditure on the Pacific Railway and other works, which will be about six millions on the average, will not do much more than make up for the cessation of this expenditure in the Province of Ontario and elsewhere. I do not doubt, myself, in the least that great ultimate benefit will flow to that Province from the expenditure to which I have alluded, but I am aware, as other hon. gentlemen are aware, that the immediate results are not likely to be great. The benefit, when it comes, will be solid, and it is to be hoped it will be very considerable and permanent. To those hon. gentlemen who consider that the very rapid increase of our importations from 1868-9 to 1872 is a fair proof that the increase is likely to continue after the present temporary panic has passed, I would beg to observe that on looking over the importations of the United States during the past sixty or seventy years they will find, as a rule, that any rapid period of expansion was almost invariably succeeded by a long

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period of comparative inaction. Now, as this is a point of some little moment, I may be permitted to call the attention of the House to the fact that whereas in the years between 1832 and 1836 the imports of the United States increased, almost as ours have done, from one hundred millions in 1832 to one hundred and eighty-nine millions in 1836; that after attaining that figure in 1836, no less than fifteen years elapsed before they again reached that sum, it was not until 1851 that imports to the United States attained the proportion they had arrived at in 1836, and that, too, in a period of great prosperity in that country, and though the population in the same interval had increased from fifteen millions to nearly twenty-four millions in 1851. I do not anticipate the same results here, but it is my duty, if the House, or any members of it, choose to assume that the fact of a rapid increase in the past is necessarily a proof that an equally rapid increase is to be looked for in the future—to call attention to the fact that that great country though it increased in essential prosperity in all respects in that interval remained without any great increase taking place in its imports for a period of no less than 15 years. The House will therefore see that the problem before us is of a complex character. Not only have we to provide for a considerable number of heavy annual engagements, but we have also to meet promissory notes, if I may so term them, maturing at different dates over a long term of years. Therefore it is necessary to keep stronger than if we were simply dealing with the ordinary annual expenditure, or if any other expenditures we were about to incur were strictly within our own control. I may here allude to the statement made by the hon. member for Kingston in the debate on the Address. He said that I remarked that I would be prepared to reduce taxation during the course of the year. I beg to state that was not what I said, as you will see on referring to my speech of last year. I stated that I did not think if those supplies were granted it would be at all necessary to come before the House again for special taxation. Now, sir, I am not aware that there are any other points of interest upon which hon. members will require explanation. If there are, I shall be glad to give them to them either now or at a later stage in

the evening. I think we may very fairly congratulate ourselves that our financial position has materially improved since last year. All immediate demands, which were considerable, have been fully met; there are no pressing claims upon us, with the exception of those for public works, for at least a year or two; we have a reasonable surplus on the transactions of last year; and I have every reason to believe that we shall also have a reasonable surplus on those of the current year. It may also be added that we have so far made no inroads upon that valuable reserve, the Imperial Guarantee. We have completed the Intercolonial Railway and the Prince Edward Island Railway, and are therefore free to turn our energies and attention to the task of enlarging and improving our canals and constructing the Canadian Pacific Railway. We have succeeded in making such arrangements with British Columbia as, although involving us in very considerable liabilities, are yet quite within our power to perform. Although many of us thought from the beginning that the demands made upon us by that Province were unreasonable and unduly onerous, we are nevertheless prepared to discharge our obligations fairly, provided they can be brought within due bounds. I have no doubt, therefore, that, if we persevere in the course I have indicated, in a very short time we shall be in a position of the highest credit. Still, for the next ten years we must be prudent, and we ought not to rush into other engagements until we have fairly disposed of those for which we are already responsible, though with this proviso I am well convinced that unless some misfortune overtakes the commerce of the country, for which we cannot reasonably look, we shall be able, financially, to give an honourable account of ourselves in the future. One thing we may fairly say, that the sacrifices which we are called upon to make, if sacrifices they may fairly be called, are such as we are asked to make, not from a selfish point of view, but in the interest of the whole of the Provinces of the Dominion. We have chosen to take upon ourselves a truly Imperial task—a greater task than was ever undertaken by a nation of our age and resources—that of colonizing and developing a most enormous extent of country, not so much for our own benefit as that of generations to come.

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Although I believe that to a certain extent we must make up our minds to forego other improvements of great present value, I also believe that it is better we should do so in order to meet the obligations to which I have referred. I believe that every man who has paid any considerable attention to the question of the future of Canada, will be prepared to admit that with us it is a struggle for the possibility of carving out a distinct national existence. This object is truly one for which we may sacrifice something, and one which I know we will not shrink from sacrificing something for if necessary. It will be the object and the interest of the Government to see that we shall be prepared to attain it without making the sacrifice unreasonable and not beyond due bounds. Perhaps it is as well that we should be thus called upon peaceably to do that other nations have had to do by means of wasting war. Great benefits will arise, not only to the present generation from the prosecution of this great work, but also to the inhabitants, who in the future will populate these vast regions, and I am far from believing that our people will at all shrink from carrying to its most satisfactory conclusion the task to which they have set themselves. In placing in your hand, Sir, the resolution that this House go into Committee to consider of the supply to be granted to HER MAJESTY, I desire, to express my sense of the patience, with which I have been listened to by hon. members on both sides of this House.

Hon. Mr. TUPPER said:—Mr. SPEAKER,—I am happy to congratulate the Minister of Finance upon the altered tone of the speech delivered to the House upon this occasion as compared with that we had the pleasure of listening to a year ago. We have not been pained by listening to uncomplimentary observations about his predecessors; we have not been pained by that which was even infinitely more painful—the statements he then made use of which were calculated to injure the financial position and lower the financial standing of this country most seriously—that is to say if the statements of the Finance Minister had been received with that credence which it is desirable that they should be received by this House and the country. I will claim the indulgence of the House while I review at some length the circumstances under which increased tax-

ation was imposed on us last year, and the relation they bear to the statements submitted to the House to-day. I claim in the outset some consideration from the members of this House while I state I stand here to-day in a position to challenge the closest scrutiny of the criticisms I offered upon the statements of the Minister of Finance last year, a comparison of those statements with the Public Accounts which the hon. gentleman has laid upon the table of this House. I am prepared to abide by the decision of this House on the issues that exist between the hon. gentleman and myself after they have given careful consideration to a comparison of his statements and mine, and the evidence which the Public Accounts submitted by himself, present to this Parliament. Last year the hon. gentleman placed in the mouth of his EXCELLENCY the GOVERNOR GENERAL, a serious and important statement to the effect that the expenditure of the current year largely exceeded the receipts, and involved the necessity of applying to this Parliament for increased taxation, as a means of meeting that deficit. The hon. gentleman also represented in the Speech from the Throne because, of course, every person understands that the hon. gentleman is himself specially and personally responsible for statements contained in that speech touching the trade and expenditure of the country—the hon. gentleman I say, is responsible for the statement, that this country was in a state of commercial depression, so important and so serious as to require a reference from so august a person as the representative of HER MAJESTY in the Dominion of Canada. I turn from the speech of last year to refer for a moment to the speech of this year, as far as the commercial condition of the country is concerned. You find that the hon. gentleman has introduced into that document this year a statement which he could have introduced with very great safety last year, namely, that notwithstanding the great commercial depression which had prevailed in the country lying alongside of us, the trade of Canada was sound; and the hon. gentleman has given to the House and to the country an evidence that his statement of last year was unwarrantable, and that it was rightly submitted to the criticism I then offered. I now state to the House that the hon.

gentleman, by his statements a year ago, placed himself in a position that obliged him to deal with the Public Accounts of this country as no Minister of Finance ever dealt with them before. In order to relieve himself from the dilemma, in which his statements of a year ago placed himself, and the Government of which he is a member, he has been obliged to make his comparative statements in a most extraordinary fashion. What use is it for the House to have a statement such as this? A statement which is worth anything must fearlessly and honestly give a comparative statement of the revenue and expenditure of the country on the same basis in each of the years which the comparison proposes to embrace. Of what value, therefore, is the statement presented to the House on this occasion? I take the responsibility of challenging the hon. gentleman that both in reference to the revenue and expenditure of the country, liberties have been taken such as were never taken before. It is true that even in this a surplus of over three-quarters of a million is shown as between revenue and expenditure. The hon. gentleman has given us the revenue of the year, that is the receipts of 1873-74 as \$24,205,092.54, and the expenditure as \$23,316,316.75, showing a surplus of \$888,775.79. I am going to take the liberty of correcting these statements, and of placing in the receipts of the country that which every other Finance Minister placed in them during the whole period that this comparative statement professes to cover, and by deducting from the expenditure that which no Finance Minister hitherto has ever placed in this expenditure. I will not attempt to do this without giving to the House such justification as will carry conviction to the mind of every gentleman upon the other side. If hon. gentlemen will turn their attention to this professedly comparative statement what will they find? They will find that in 1867-68, and in all the other years referred to under the heading of "Premium and Discount," certain sums are inserted. Under that head in 1868 they will find the sum of \$608,510.12, and what will the House say when I tell them that in this document, declared to be a comparative statement, which is now placed in the hands of hon. members, to enable them to compare the receipts of the present year with the receipts of the past

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year. The hon. gentleman has subtracted a corresponding sum and placed in another division of the Public Accounts.

Hon. Mr. CARTWRIGHT—Certainly.

Hon. Mr. TUPPER—I am not discussing the question whether it is right or not; what we are dealing with in the meantime is the question whether this is really and truly a comparative statement. I affirm simply, without fear of successful contradiction, that in order to make it a comparative statement which would be of any value to the House, the sum that I have referred to must be entered in the past year as it was for 1868 and the subsequent years. I therefore add to the receipts of 1873-4 a similar sum to that contained in the former statement of \$384,327.48 received as premium on the loan negotiated by the hon. gentleman's predecessor, Mr. TILLEY. That brings the total receipts for the year up to \$24,589,419.68. Let me turn to the other side of the account. The House will recollect that the hon. gentleman laid upon the table of this House a statement of the nine months' expenditure, a year ago. I challenged the accuracy of that statement, and I told hon. gentlemen opposite that if they would lay upon the table of the House a detailed statement of the mode in which they made up the expenditure chargeable to the operation of our railways, which amount was no less than \$1,488,607.89 for nine months, I would pledge myself to show to the House that they were wrong to the extent of half a million. I subsequently claimed that that half million must be added to the surplus that would otherwise exist at the end of the year. In order to show the balance as between revenue and expenditure, I will now give to the House the evidence that will prevent any one ever questioning for a moment my right to do so. If hon. gentlemen will turn to the Public Accounts of 1873, to the second part under the heading of "Railway Expenditure," they will see the following statements:—

Branch Line, Londonderry.....	\$ 16,943 29
Point du Chene improvements....	21,338 91
Branch Line, St. John.....	50,953 59
Mill Pond improvements, St. John.	17,654 35
Halifax City Railway Extension....	15,570 30
Branch Line, Dorchester.....	2,387 20
Deep Water Wharf, St. John.....	98 35
100 new Platform Cars.....	67,110 00
	<hr/>
	\$192,055 99

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If they turn to the 39th page of the 3rd part they will find this sum put down to capital expenditure, or expended upon construction chargeable to capital. Now, Sir, I will ask hon. gentlemen to turn to the Public Accounts of the present year, and I will draw their attention for a single moment to some of the items included in this expenditure put down as expenditure chargeable to railway revenue account. On page 33 of the 3rd part you will find chargeable to working expenses \$1,301,550.08. You will find details to which I will for the moment direct the attention of the House. Snow sheds and fences, of the value of \$49,097.96, were built, covering a new portion of the Intercolonial Railway, where it passes through the Westchester Mountains. These are as much a part of the Intercolonial Railway as the steel rails with which it is laid. That is one of the items, and one which cannot possibly find its way into the account of revenue and expenditure of New Brunswick and Nova Scotia railways. Then there is the filling in at the Blackburn Trestle Bridge, \$4,561.95; siding accommodation at the Intercolonial and Acadia Coal Company's connections \$4,221.60; the siding at Newport, \$9,384.79; shop tools at Moncton, \$11,296, and customs warehouse at St. John, \$2,190. The Spring Hill branch, nearly five miles of new railway, was acquired by this Government and for the expenditure upon it the Government absolutely obtained a fee simple of this road yet \$32,733.89, is charged for this to revenue expenses. The whole makes a sum of \$1,847,175.24. That is the manner in which these Public Accounts have been dealt with, and this is the sum given as a comparative statement by which the hon. gentleman endeavors to create a deficit for 1873-4 and throws upon his predecessors the onus of his having to increase the taxation of the people. But what more? If any further proof is needed, I have here the report of the present Minister of Public Works, and if the hon. members will turn to that report and its appendix, they will find that he there states that \$1,301,550.08 is all that can be charged to revenue account. And yet, sir, with this evidence of the Premier as to the impropriety of putting another dollar of expenditure to revenue we have no less than \$545,625.16 placed improperly

to revenue, according to the admission of the Premier, according to all previous public accounts, and according to the statement of Mr. BRYDGES, a gentleman who at all events is as well able as any man in this country in making up railway accounts to state what portion is chargeable to revenue and what portion to capital. In his report of 18th August, 1874, Mr. BRYDGES informed the Government that the gross expenses for the year ending June 30, 1874, on the New Brunswick and Nova Scotia Railways amounted to \$1,301,550.08, and yet with all these evidences of the impropriety of including one dollar more, \$545,605 are added to the amount that could not be put there without entirely destroying its character as a comparative statement. From the total sum of \$23,412,829, I deduct that which ought to be capital expenditure—\$545,625—which leaves a total of \$22,867,204. Before I pass away from this railway expenditure, and from the question of the amount that could be legitimately charged against the working of the railways, I will refer to the statement last session of the hon. Minister of Finance, which startled all of us, that there was a deficit of one and a quarter millions in connection with revenue and expenditure of public works due to those railways. Not only that, but the London *Economist*, which re-published substantially the speech of the hon. gentleman on the eve of negotiating an important loan, drew the attention of the people of England to the fact that Canada was engaging in a series of such thoroughly unprofitable works that a deficit of one and a quarter million dollars had been caused by the operations of the railways. I draw the attention of the House to the fact that, instead of there being a loss of one and a quarter millions upon the operations of our railways, the loss amounts to only \$408,119, and that is confirmed by the statement of Mr. BRYDGES in his report. I admit that this is a true statement of what should be charged to working expenses; but it does not represent the true financial condition of the railways. When I state that the public accounts show that of that \$408,119 no less than \$275,719 are due not to ordinary but to extraordinary expenses, the House will see at once how small was the ground for the Finance Minister's statement that there was a deficit of one and a quarter millions. How would the Grand Trunk officials like the two million pounds sterling expended on the purchase and laying down of steel rails to be charged to the current expenses of a single year. That might technically be a proper position in which to place the renewals, but the expenditure must be spread over twenty years to enable a proper and just comparison to be made between its present and past position. That extraordinary expenditure on the Government railways was caused by a portion of the track being relaid with steel rails, the outlay upon which should be spread over a number of years. Deducting the cost for these extraordinary works, the House would observe that a deficit of \$122,666 had been magnified into one and a quarter millions. I think I have satisfied the House that I have rightly deducted that sum of \$545,625 from the statement of the expenditure, which has been laid on the table, which leaves \$22,867,204, thus showing an actual surplus of \$1,722,215 on 1st of July, 1874. Now, Mr. SPEAKER, I admit frankly that this amount is subject to some deductions, but I challenge the accuracy of the statements made on this point by the Finance Minister, and will undertake to prove to the House, from the hon. gentleman's own statement, so that he cannot controvert my argument, that no such sum as two millions of the amount received before 1st July 1874, was due to the change of tariff. I will now deal with another point. But before doing so, as the hon. gentleman a year ago cast unwarranted odium upon his predecessor, Mr. TILLEY, and the calculations he had submitted to the House a year previously, and expressed himself in not very complimentary terms, in respect of my statements, I shall draw the attention of the House for a few moments to Mr. TILLEY's statement. I have shown that the expenditure was \$22,867,204. What did Mr. TILLEY say to this House—this gentleman who has been held up to the people of this country as a Minister who could not approximately estimate the probable expenditure? Mr. TILLEY's estimate of expenditure for 1873-4 was \$22,586,000, while the national expenditure was \$22,867,204, and this statement was made more than a year before it could be verified. In my speech in which I criticised the Finance Minister's statement last year

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I ventured to say that the accounts at the end of the year would show an expenditure of \$22,933,800. By permission of the House I will read the following extract from a report of my speech :

“ The hon. Finance Minister had fallen into one or two grave errors in estimating the financial affairs of the country. In page 32 of the Estimates it would be found that there was a sum of \$766,200 which the hon. gentleman declared would be required to be re-voted. This was upwards of three-quarters of a million which according to the hon. gentleman's own showing would be unappropriated up to the 1st July, 1874. Then he wished to draw attention to another point. He maintained that the hon. gentleman had made a mistake in the statement of expenditure which had been laid on the table of the House of nearly half a million of dollars. In one item the hon. gentleman startled the House and the country with the declaration he made as to the expenditure and deficit that would exist in regard to the working of the Government railways. He (Dr. TUPPER) might say that he had watched the operations of those works in regard to the receipts they would give the country, the expenditure upon them, and everything connected with them, in the most narrow manner for fifteen years, and he would pledge himself to prove the mistake in the hon. gentleman's figures if he would bring down a detailed statement showing how he made up the \$1,488,607 charged against the operation of the railways for nine months. The expenditure for the same service in 1873 was only \$791,326, although it was well-known that, owing to the severity of the winter, the roads had been worked at unusual cost. He had no hesitation in saying this was a mistake, and he would undertake to show before the Public Accounts Committee that there was \$500,000 charged here to current expenditure which in all previous years had been charged to capital account. The addition of the sum of \$776,200 to this error of at least \$400,000 made a total of \$1,166,200 as the sum of unexpended money which would enable the Finance Minister to meet any possible deficiency in any possible demand which might arise before the 1st July, 1874. By subtracting these errors from the amount of \$24,100,000 the sum remaining would be \$22,933,800, which would give him a clear surplus of \$966,202 at the end of the current fiscal year.”

Dr. TUPPER continued:—The Finance Minister placed the expenditure at \$24,100,000. I have the speech of the Hon. Minister of Finance (Dr. TUPPER continued) in reply to the criticism I offered, in which he states that no more than twenty-two millions of dollars could be collected during the year.

Mr. CARTWRIGHT—Without the new tariff ?

Hon. Mr. TUPPER—Without the new tariff. I wish to bear that in mind,

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for that is precisely the point to which I am going to address myself. The hon. gentleman stated that the expenditure for the year would be \$24,100,000, and it was upon that statement that he felt warranted in asking the House to resort to the extreme course of levying three millions additional taxation on the country. It will not do for the hon. gentleman to come before the House with an excuse, because if he believed they were only figures on paper, and did not represent the true position of affairs, he was not warranted in resorting to such an extreme course. Deduct the actual expenditure of \$22,867,204 from the estimated expenditure by the Finance Minister, made by him with all the documents in his possession, which would enable him to ascertain the correct financial position of the country, and the hon. gentleman was proved to have been \$1,232,806 astray. I mention that fact to the House because I feel that, after the manner in which the Hon. Finance Minister dealt with the statements which I offered to the House last session, it is not improper that I should remind the House of how the statements I offered have been borne out by the Public Accounts laid on the table by the Minister of Finance himself. I stated that the actual surplus of revenue over expenditure was \$1,722,215.41. I will deduct from that, in the first instance, the amount received from new taxes. The hon. gentleman has not told us what they amount to, but I think I have taken a sufficiently wide margin when I state that the amount received from the new taxes—that is to say, the taxes that were received for the two and a half months previous to the end of the year—was \$546,000. Then I find that a very talented gentleman—the Deputy Minister of Inland Revenue, Mr. BRUNEL, who has come to the assistance of the Finance Minister, and I do not blame him for seeking any extraneous aid which he can find—has treated this House to a very able and ingenious argument to show the amount of duties paid in before the 1st July, 1874, in consequence, not of the new tax, for I have already included that in the \$546,000 that I have already mentioned—but in consequence of the proposed change of tariff. And let me here make a single remark upon that point. I ventured to say to the Hon. Finance Minister last year, when he was describing the amount of revenue that

was received during the last quarter of the year, that it was owing to the fact that the country was excited by the change of tariff. What was the result of that? If taxation is required at all every person knows that wherever constitutional, Parliamentary Government exists, the Government considers itself bound to preserve the strictest secrecy in reference to any proposed change of tariff, and for obvious reasons—first—to prevent trade being disturbed; and, secondly, in order to obtain a revenue that would otherwise be lost. But in this case the Government made no secret of the proposed change in the tariff, in fact drew the attention of the public to the subject in the speech from the Throne long before the new tariff was proposed to the House, causing the greatest possible derangement in the trade of the country, and also a loss to the revenue. But I am happy to relieve the hon. gentleman from the obloquy that would rest upon him for taking such a course by stating that the amount thus lost to the revenue is not nearly so large as he himself appears to suppose. However, I will take the estimate of Mr. BRUNEL of the enhanced inland revenue received on account of the change in the tariff, namely, \$526,611. I may state in reference to that, a glance at the figures as they now present themselves will show that this is a very extravagant calculation on the part of Mr. BRUNEL, although he is a gentleman in whose judgment and entire honesty of statement I have the most unbounded confidence. A glance at the receipts of the Excise Department for 1873-74 will show that during the six months from the 1st July, 1874, to the 1st of January, 1875, \$152,662.50 more were received in 1874 than in 1873. I quite admit that there was a large amount of revenue in the Inland Revenue Department discounted that would have been paid in 1875, but not so much as claimed by Mr. BRUNEL, because the Hon. Minister of Finance stated that all he proposed to obtain from Excise was \$750,000 per annum, and the last quarter gives \$234,837 more than the last quarter of 1873. With these figures before them, the House can see that in accepting Mr. BRUNEL's statement we have accepted the outside statement, which can be sustained when you come to examine the amount which has been received

during the last six months. Add these sums together the amount derived from new taxes, and the amount received from enhanced inland revenue which ought otherwise to have fallen in 1874-5—and we have \$1,072,611 in all. Deduct that from the surplus as it existed and it leaves a surplus for 1873 without change of tariff of \$649,604.41. Now, the hon. gentleman will ask me "What about the Customs? If you credit over \$500,000 for Inland Revenue what are you going to credit for Customs paid in before the end of the year which otherwise would have gone to the next year?" I tell the hon. gentleman nothing. I will prove to him by his own argument that he cannot claim a single dollar as paid in before the first of July, 1874, over and above that which would have been paid in under other circumstances. I will show the hon. gentleman that all that was discounted must have been discounted before the end of the year. The hon. gentleman tells us that instead of the trade of this year having increased it has decreased. The hon. gentleman has been kind enough to send me over—and I thank him for the courtesy—a statement which makes the whole imports entered for consumption for the six months from the first July, 1874, to the first of January, 1875, and what does it show? A large increase in trade? If these figures are correct—as I am bound to admit they are—they establish a falling off in imports entered for consumption during the past six months of one million and a half. Now, I wish the hon. gentleman to tell me if there was a falling off in the trade of the six months from the first of July, 1874, to the first of January, 1875, of one million and a half, how he can show a single dollar discounted previous to the first of July? I will now draw the attention of the House to the statement of the Customs returns for the six months from the first of July, 1874. Bear in mind the Hon. Minister of Finance assured the House and country when he was levying these new taxes a year ago, that he was only taking three millions additional revenue out of the pockets of the people. Now I invite his attention this statement. I hold in my hand the Customs returns for the six months from July to January, 1875. I have admitted the soundness of Mr. BRUNEL's argument because he has

shewn that there is not a corresponding increase in the receipt of 1874, as compared with the receipts of 1873, notwithstanding the new taxes. But if you accept Mr. BRUNEL's argument, and if you come to consider that half a million additional revenue went to the Treasury before the 1st of July, then you are bound to accept the same principle as applied to the Customs Department. What does it show? It shows that in July, 1873, we received \$1,383,539.48 from customs, and in July, 1874, no less a sum than \$2,147,652.76, an amount infinitely larger than the application of the new tariff to the sum received in 1873 would give. That, you may say, is but a single month. In August, 1873, \$2,093,978.15 were received, and in August, 1874, \$2,352,768.97; in September, 1873, \$1,974,513.75; in September, 1874, \$2,471,814.18; in October, 1873, \$2,687,519.02, and in October, 1874, \$3,127,166.77; in November, 1873, \$1,814,885.55, and in November, 1874, \$2,230,540.74; in December, 1873, \$1,586,449.90, and in December, 1874, \$1,640,006.13—making a total revenue during these six months from July to January—when the hon. gentleman has shown that a larger amount by one and a half millions was entered for consumption than during the present year—\$11,540,805.85 in 1873, and \$13,969,949.52 in 1874, or an increase in the six months of \$2,429,143.67. Now, I ask the hon. gentleman to explain to this House how it is he can obtain the amount of revenue which he could only get from the heavy levy of nearly five millions of taxes per annum upon the people of this country, provided that a million of Customs Revenue was discounted before the first July, 1874. I say that it is impossible for any gentleman who regards the argument addressed to the House by the Finance Minister in this matter, to come to any other conclusion than this—that the hon. gentleman was obliged, drawing upon his imagination for his facts, to put down such a charge to enhanced Customs as was necessary in order to establish his imaginary deficit. Now, let me tell the House what that imaginary deficit was. I hold in my hand a paper that professes to be well informed in this country—the *Globe*—which states that there was a deficit in the current expenditure of the past year

of no less than three millions. The Minister of Finance did not go quite so far as that, but the paper to which I refer had the shamelessness—I say the word advisedly—to state on the 1st January, 1875, in reviewing the events of the year, that there was a deficit of three millions. Let me read the language used by that paper—"A deficit of three millions. The legacy of the former administration, having to be provided for, after much discussion and a very full representation of the views of all classes interested, by raising the 15 per cent. duty on imports to 17½ per cent.; by re-imposing a small duty on tea and coffee; by increasing the excise duties, and in some other particulars readjusting the tariff." The same paper, in reviewing the budget speech, further says:—"In 1874-5, Mr. CARTWRIGHT, who has, omitting Mr. TILLEY's short rule, virtually succeeded Sir FRANCIS HINCKS, finds the revenue still growing and nearly \$3,000,000 ahead of 1870-71, but an expenditure so enhanced that he has to provide by fresh taxes to cover a deficit of three millions." But what does the Finance Minister himself say? I hold in my hand a London *Economist* containing an account of the speech which he delivered to this House; and it was fortunate for the House and fortunate for the country, in view of the fact that the hon. gentleman was going to England to negotiate a large loan, that there was an Opposition in this House; it was of value to the country that these statements were not allowed to go unchallenged and that the result of the analysis to which we subjected the figures and statements of the hon. gentleman a year ago induced one of the most influential journals in London to disclaim the deficit—a pretended one; and if it had not been that a friend of Canada was then in England to take up and controvert these mischievous statements reproduced from the speech of the Honourable Minister of Finance, his story to-day, respecting the loan—although I shall show that it requires some qualification before I sit down—would have been a different one from what it was. What do they say? Why, basing their remarks on the speech of the honourable gentleman they say:—"There is now a serious deficit, involving the necessity for much new and disagreeable taxation, with every prospect of a still more serious

deficit in the future unless the past policy is reversed and great care is otherwise taken." They then give the figures from the Public Accounts, as submitted by the Hon. Minister of Finance and the statement contained in the Budget speech, and thereafter put down a deficit of £472,000 sterling as that which the Hon. Minister of Finance had declared to the people of this country would fall upon the year 1873-74. Having stated that much with reference to the question of the deficit, I will now show the hon. gentleman how the figures really stand. As I have said before, I have proved to the House that the surplus that exists as the actual surplus of the year, irrespective of any change of tariff, would have stood \$649,604.41, and I may state that that is only \$123,000 over what I stated to the House a year ago would be the surplus at the end of the year. But that is not all. I ask the hon. gentleman where is the surplus that we left in the Treasury, due from the year 1872-3. We showed to the House that we left in the Treasury a surplus of \$1,638,821 on the previous year, and if you add that to the \$649,604 of surplus for 1873-4 that would have existed on the 1st. of July, 1874, provided this mischievous meddling with the tariff had been avoided, the surplus in the Treasury now, without new taxation or any change in the tariff of the country, from the two years it would have been no less than \$2,288,425.40. And yet with our affairs in that position—with our affairs in such a position that on the 1st of July, 1874, by following the policy of their predecessors there was in the hands of the present Government a sum of over two millions and a quarter — we were compelled to listen to denunciations hurled at us from the Treasury benches, on account of our having, as was alleged, created a deficit, and to have it heralded in London and over the world that this deficit was owing to the manner in which public affairs were administered by the late Government. Now, let me draw the attention of the House for a moment to what the condition of affairs inherited by the hon. gentlemen, opposite, was, and under which they complain so bitterly. When we were able to show the House and the country that under our administration, the trade of the country had increased in five years from \$131,027,928 to no less than \$217,-

801,203, or an increase in five years of \$86,773,671. I think that the honorable gentleman might have allowed his predecessors to have escaped his denunciation as to the past financial management of this country. When we were able to show that the revenue of this country had risen under our administration from \$13,687,928 in 1867-68 to \$20,813,469 in 1872-73, an increase of \$7,125,541 in five years, I think the honourable gentleman might have felt that something was to be learned from examining the financial policy of his predecessors, rather than cast the undeserved obloquy on them that he did. And when it is considered that that enormous increase of no less than seven millions of dollars per annum was obtained, in contrasting these five years, the first with the last; when it is remembered that that was not due to increased taxes as will be to the honourable gentleman's increased revenue which he will be able to flout in our faces a year hence, but had been accomplished while at the same time we had made the great staples of tea, coffee, &c., free and had reduced the taxation to the measures of the people, no less than two millions per annum, we have every reason to court the fullest investigation of the policy of my right honourable friend who now sits beside me.

Mr. CARTWRIGHT—How much does my honourable friend say he reduced the taxes? Two millions?

Hon. Mr. TUPPER—Over two millions per annum in the two years preceding 1872 and 1873. Now, I have shown the honourable gentleman that he was wrong in his impressions with reference to the trade of the country, and which I do him the justice to say he has frankly and fairly admitted in the speech with which Parliament was opened this session. I have shown the honourable gentleman that he was wrong in reference to the revenue of the country to the extent of something like two millions of dollars, and in reference to the expenditure of the country to something like a million and a quarter; and the honourable gentleman himself was compelled to admit that he was seriously wrong in the means by which he proposed to deal with what he conceived to be the financial position of the country a year ago. Every person recollects that the measures which were proposed to this House, and proposed with severe strictures

and comments as to the tariff policy of his predecessor, Sir FRANCIS HINCKS; every one knows how, that after that the hon. gentleman came back to the House, and reformed his tariff, accepted the criticisms of this side of the House, and tried to get as nearly as he could into the same line of policy as the gentleman who had preceded him in that important office. But there is one question that I thought the honourable gentleman would not have risen from his seat to-day without dealing with. Every person recollects that when the Government of the United States removed the duty from tea and coffee the Government of Canada adopted the same policy and made those great staples free. When it was found we were to have a duty of ten per cent. imposed on tea and coffee as against us, that the Government took power from Parliament to enable them to pass a Minute of Council to meet that policy on the part of the United States, I may say that the policy of protecting the tea importers of Canada by the imposition of a ten per cent. duty on tea from the United States, was a policy which met with a hearty response from every part of Canada. I am not aware that a single person approached the Government with a view to alter that policy, and I do say that the Hon. Minister of Finance was not candid to the House when, at the last moment, he slipped a clause into the Bill without mentioning the important change he was making in the fiscal policy of the country—a change which, I say, he was not justified in making. I am not a lawyer, but I do not believe that the change then made which had the effect of enabling them to repeal our Order in Council destroyed the power to pass another, but if it did it was due to the House and the commercial interests of this country that our traders should have been placed on an equal footing with our American neighbours. Simple justice should have been done to this large and important branch of the trade of the country, or rather what was an important trade, but which, if the suicidal policy of the Government is continued, will soon cease to be. The House will recollect that the hon. gentleman's duties in relation to wines received a most important modification from his hands under the strictures with which the proposed tariff was met. I was in hopes that having still left the tariff

on wines in a most unsatisfactory condition, having lost revenue on them,—the hon. gentleman shakes his head! Then I say, he should have stated in his address something like the results of his tariff bearing on the condition of the industries and branches of trade subjected to the additional taxation of last session. I know the tax is most unjust and unequal as it stands to-day. I know the tariff on wines introduced by the hon. gentleman has the effect of making the poor poorer and the rich richer. The duties on wines consumed—necessarily consumed, as a matter of medicinal treatment, by the poor—are largely increased when compared with the wines used by the most luxurious classes of society. That is a matter not undeserving the attention of the Minister of Finance, and it ought to have received attention from him. Then there is the question of sugar. The House will remember that although the hon. gentleman withdrew the tariff on sugar, he said that would receive the attention of the Government this session. There never was a time when the Hon. Minister of Finance had it in his power to deal with this question in a manner more just to the people than at present. He says we have a surplus of half a million. I say the Government have no right to have a surplus. If they have, they should endeavor to get rid of it, and the best way to do so is that pursued by us, and by the Government of Great Britain—by lightening the taxes on the people; and when I tell you the article of sugar pays in this country fifty per cent. on its cost, while in England the Government have swept the tax away altogether, I think the House will agree with me that the time was most opportune to have used this surplus—not in adjusting the tariff for sugars, as the hon. gentleman proposed last year, but by such a decrease of duty upon the lower grades of sugar as might accomplish the object the hon. gentleman had in view when bringing the tariff before the House, and which would be received as a boon by the poorer classes of the country. As far as the tariff is concerned, we had our triumph last year. As far as the revenue is concerned we have our triumph now. We stand in the presence of this hon. House and the country to show that the views we propounded to the country in relation to this matter were sound. I

commenced my speech by congratulating the hon. gentleman on the improved tone of his speech. It will be a matter of congratulation not only to this House but to the country that the Hon. Minister of Finance, having been warmed in his seat, and accustomed to the sweets of office, has adopted an altered tone, and says to the country that the position of affairs is not so disastrous as a year ago it seemed to him to be. I congratulate him on his altered tone, and on the prospect which his altered views indicate that the Canada Pacific Railway, the hope of this country, will be entered upon with a vigor and spirit which certainly did not characterize the Budget speech which the hon. member delivered a year ago to this House. The construction of that work will increase the revenue, and year by year we will find that steady prosperity which obtained under the late Government from the commencement of Confederation, and which under a proper Administration of Public Affairs will continue in the future.

It being six o'clock the House rose for recess.

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After Recess.

NORTH WELLINGTON ELECTION.

Mr. SPEAKER stated that on Saturday he had received the Judge's decision in the North Wellington Election Case. Under the Acts of 1873-4 he (the SPEAKER) had issued his warrant for a new election immediately. After it had been issued the Clerk discovered that the Judge in his certificate had stated that he had proceeded under the statute 37 Vict.—that it, from the facts, seemed to have been a clerical error. He (the SPEAKER) however hesitated to submit his report to the House until means were taken to ascertain from the Justice whether it was a blunder in the proceedings, or a clerical error. In reply to a telegram he learnt that the proceedings were held under the Act of 1873. He telegraphed to the Judge that it would be necessary to amend the certificate and send it in, when the warrant would be issued again, no proceedings having been taken under the first writ, which was stopped in transit.

Hon. Mr. MACKENZIE thought the SPEAKER was quite right in waiting for the

Hon. Mr. Tupper

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amended certificate. It would never do to amend the certificate on a mere telegram.

Right Hon. Sir JOHN A. MACDONALD thought, under the circumstances, as it would cause only a momentary delay, it would be well to wait until the amended certificate was received before issuing the writ.

THE BUDGET.

Hon. Mr. TUPPER resumed his speech. When the House rose I was about to make a brief reference to the remarks of the Minister of Finance touching the important subject which he has submitted to the House with reference to the loans negotiated in England. Before doing so, however, I shall occupy the attention of the House for a few moments longer in relation to another very important branch of the speech which the Hon. Minister of Finance has just delivered to the House. I mean that referring to the estimates of the present year. Now, the House will remember that there was no subject upon which that hon. gentleman has dilated more forcibly during the past four years than the charges of extravagance which he brought against the late Administration. No Budget was ever submitted from the time that the hon. gentleman went into opposition to the late Government without the very severest strictures being levelled against it by that hon. gentleman, on the ground of recklessness and extravagance, and the hon. gentleman from his seat on the Treasury benches, followed up the same course last session, and in terms the strongest that he could possibly use characterized the action of his predecessors in reference to the expenditure which they from time to time submitted to the House, as in the last degree uncalled for and extravagant. I will read a single passage from the hon. gentleman's speech of last session, referring to that matter. "The Government are quite prepared to assume responsibility to the fullest extent for any act of their own; but they are not disposed to assume, nor will their supporters or the country at large expect them to assume, any responsibility for acts of their predecessors against which they protested to the utmost; which they opposed at every stage from their inception onward, and for the results of which they are