

## HOUSE OF COMMONS;

FRIDAY, 18th February, 1881.

The SPEAKER took the Chair at Three o'clock.

PRAYERS.

## SUPPLY.

The Resolution adopted in Committee yesterday, was reported, read a second time, and agreed to.

## THE BUDGET.

Sir, LEONARD TILLEY. Mr. Speaker, in moving the House into Committee of Ways and Means, I desire to make my financial statement to the House. In doing so, I cannot do better than follow, to some extent, the course I pursued when this duty devolved upon me last Session, and, indeed, I may say the previous Session. I then, Sir, contrasted the position I occupied with the position in which I was placed, as Finance Minister, after submitting my statement in 1873. I called the attention of the House, at that time, to the fact that in 1873 I could point to a full Treasury; to a prosperous condition of the country; and to a hopeful state of things for the future. In 1879 matters had materially changed. I had to point out to the House the fact that for three or four years there had been a deficit; that the trade of the country was very much depressed; that our manufacturing and other industries were very nearly crushed out; and that it became an important and serious duty for the Government then to inquire what steps should be taken, or could be taken, for the purpose of remedying the existing evil. At that time the Government submitted propositions to the House, which they considered were calculated to remedy these difficulties, and last Session I was in the happy position of being able to say that, to a very great extent, the result of the measures that had been submitted and carried through Parliament had been to restore confidence, to restore the revenue, and to give an impetus to our manufacturing and other industries. Though we were not, from circumstances over which we had no control, at that time, in a position to state that the receipts of the year would equal the expenditure; yet, Sir, we expressed the hope, and the firm conviction that when Parliament next met we would be in a position to assure the House and the country that, as far as the financial operations of the Tariff were concerned, the revenue would be found to be ample for all the purposes of the country. I am, Sir, in the happy position to-day, of being able to affirm, to confidently affirm, that the most sanguine expectations of the Government and of our friends behind us—the most sanguine expectations of our supporters in the country have been, within two years, fully realized. I had, Sir, at the last Session, to state that, owing to circumstances over which we had, to a great extent, no control, we were compelled to come down to the House and ask, over and above the Estimates of the year previous, \$200,000 for the relief of Indians in the North-West, \$100,000 for the relief of our suffering fellow-countrymen in Ireland. We also asked for sums to meet engagements not anticipated the year previous. We were, therefore, compelled to admit that, upon the basis of calculation made in 1879-80, there would be a deficiency of \$500,000 between receipts and expenditures last year. Sir, I am happy to say that, upon the calculations that were made, so far from the deficiency being \$500,000, it was reduced to \$243,228. But I think I hear some hon. gentleman opposite say, the Public Accounts show that the difference between receipts and expenditure was something like \$1,500,000. Well, Sir, that is quite true; but let me call the attention of the House to the fact that in 1879 and in 1880

Mr. ANGLIN.

I submitted for their consideration a Tariff, the revenue producing power of which I stated we estimated at \$2,600,000 per annum more than the then existing tariff; or, in other words, that the revenue during the next year would, under the new Tariff, be \$2,600,000 more than under the old Tariff, and deducting sums paid as drawbacks, there would be a net increased revenue upon goods consumed during the fiscal year of 1879-80 of \$2,500,000. Well, Sir, I said at that time that in that estimate there would be \$700,000 Customs that would be collected in the year previous, but, to use the language of my predecessor, which would be borrowed from the following year. I also stated that from the Excise dues collected the previous year there would be \$600,000 borrowed from the next year, and that from the enormous withdrawal from bond the imports and excisable goods within the first three months of January, February and March would exceed, in Customs by a million and three or four hundred thousand dollars, and Excise \$1,100,000, the figures for the corresponding three months of the year previous. My calculations were based upon the producing power of the Tariff, because it will be quite apparent to the House that, no matter when changes of Tariff are made, whether it be in 1874 or in 1879, there always will be increases of imports and withdrawals from bond of a large amount of goods that must take necessarily from the following year revenue that properly belongs to that year. If my calculations had been based on the revenue simply to be received the following year, it would be quite apparent to the House that we would have had to increase the revenue, in order to make up the actual receipts of that year, \$1,300,000 more than was necessary for subsequent years, because that, Sir, would have been anticipated in the year previous. My hon. friend opposite, when Minister of Finance, as is perfectly well known to hon. members of this House, discussed this subject in the controversy that was had in 1874 and in 1875, renewed in 1879 and continued in 1880, with reference to the estimates of expenditure and income, made by myself in 1873, and its effect on the revenues and expenditures of that year. It is well known, Sir, that the actual receipts of that year were in excess of expenditure between \$800,000 and \$900,000. I am sure no member on this side of the House ever claimed that the increased sum collected in that year, as the result of the changes in the Tariff, should be placed to our credit in the year 1873-74. The hon. member opposite, my predecessor, estimated that he received in that year, as borrowed—to use his term—from the following year, something like \$1,500,000. At all events, there was very little discussion as to the amount. There was some discussion as to the items of expenditure that properly belonged to that year. Certainly it was never claimed by the present Minister of Railways, or by the hon. member for Niagara, who also took up this subject, and it was never claimed by myself, that we had a right to that \$1,500,000 borrowed from the year following, received the year following. We now claim that the \$1,300,000 received on goods consumed in 1879-80 should be fairly taken into account as establishing the producing power of the new Tariff. Well, Sir, on that basis, the estimated receipts for that year were \$24,450,000. Total cash receipts, \$23,307,406; borrowed from this year, in 1878-79, \$1,300,000. The producing power of the revenue received upon the goods consumed during the year, added to other revenues would be \$24,607,406, as against the estimated revenue of \$24,450,000. The estimated expenditure of 1879-80 was \$24,978,000, and the actual expenditure was \$24,850,634, showing an increase of receipts over the estimated expenditure, and a decrease in the expenditure, reducing the deficiency, as estimated last year, from half a million to \$243,228. If it had not been for the grant to the Indians of \$200,000, and for the grant of \$100,000 for the relief of our fellow-countrymen in Ireland, there would have been a balance to our credit instead of a deficit, and this fact shows that the

Estimates were as accurate as they could possibly be. Now then, Sir, with reference to the present year, it will be remembered, the estimate of receipts made in March last for the current year, was \$25,517,000. The Customs revenue was estimated at \$15,300,000. Hon. members will recollect the statement which I made at the time as to the basis on which I made that calculation. I estimated that there would be received, during last year, in cash for Customs \$14,000,000, which, with \$700,000 added, made \$14,700,000; and for Excise, \$5,213,000. I estimated the Customs revenue would be increased by 5 per cent., or at least, there would be an increase of 5 per cent. in the imports, which would give an additional \$800,000 of revenue from this source, making, in all, \$15,300,000. Taking all the revenue together, our income was estimated at \$25,517,000. I am now, Sir, in a position to state, after an experience of seven months and a half, that our income will be at least \$27,586,000 against the estimate of \$25,517,000. It is quite clear now, Sir, from the information which we have, that the Customs receipts for the present year will amount to \$17,000,000 compared with the estimate of \$15,300,000; that the revenue from Excise will be \$5,600,000, against the estimate of \$5,213,000; that the revenue from the Post Office will be about what we estimated it at last year, \$1,210,000; that the revenue from Public Works will be \$2,286,000, as we estimated last year; Bill Stamps will yield \$190,000; that the interest from investments will be \$600,000; and that the revenue from all other sources will be \$700,000. The estimated expenditure made in March last, including the Supplementary Estimates, amounted to \$25,315,786. The Supplementary Estimates which were submitted to the House a few days since, amounted to \$457,608. This includes, a second vote of \$200,000 to meet the demand made this year for Indians, being the same amount required for this purpose for the year previous. But, Sir, deducting the sums which will not be expended, and which will probably be dropped at the close of the fiscal year, or carried over for expenditure next year, I think I may safely say that the expenditure for this year will not exceed \$25,573,394. If our Estimates are correct in this respect, the surplus for the current year will be \$2,011,000, or \$2,000,000 in round numbers. I know there are hon. members in the House who, not looking, perhaps, into this matter, may have supposed, from the published statements made from month to month, and from the increase in the revenue as compared with the corresponding months of the previous year, that the surplus would have been larger; but when I call their attention to the fact that during the first six months of the fiscal year previous \$1,300,000 was lost to that year, it having been placed to the credit of the year previous—and that, therefore, in making a comparison, you have to add to the six months previous \$1,300,000—they will see at once that the apparent difference between the receipts of the first six months of the two years would be materially reduced; but I think it will be considered satisfactory to the House and to the country, that, under existing circumstances, we have every prospect of having at least \$2,000,000 as the surplus for the current year, so that beyond doubt, Sir, the revenue producing power of the present Tariff—and, as I will show by-and-by, the power of the Tariff to stimulate the industries of the country—is clearly established. I now come to the Estimates for the next fiscal year. It is estimated that the receipts will be as follows:—Customs, \$17,000,000; Excise, \$5,600,000; Post Office, \$1,300,000; Bill Stamps, \$190,000; Public Works, including Railways, \$2,360,000, and interest on investments, \$550,000; making, with the revenue accruing from all other sources, \$27,860,000. The estimates of expenditure submitted to the House amount to \$26,189,896. I do not know, at the present moment, what the Supplementary Estimates may be, they vary in different years. I trust they will not be large, because we were exceedingly

anxious to obtain all that it was possible to submit as the main estimate for the year, but I will add \$200,000, for I find that two or three items have been omitted, either by the clerk or by the printer, but probably occurred during the checking off by the clerk. But, stating this estimate at \$200,000, the estimated expenditure for next year will amount to \$26,389,896, leaving an estimated surplus of \$1,410,104. Now, Sir, I beg to call the attention of the House to a few items in the present Estimates, causing largely the increased expenditure for the next year. The House will not be surprised, considering that the Estimates contain an expenditure, under the head of capital, of something like \$14,000,000 for the Pacific Railway, for canals, and for other public works, that there will be an increase in the interest on the debt during the next year, and that therefore the sum of \$319,605.37 have been added to the interest on the debt and sinking fund for next year. The subsidies to Provinces show an increased estimate of \$33,919.78. It becomes necessary, owing to the census which is to be taken this year, and under the Union Act, to pay 80 cents a head on the increased population of all the Provinces which have not a population of 400,000, and from the negotiations which are at present going on with Manitoba, it is probable that there will be an increase given to that Province—especially if the boundaries are extended. It is estimated in round numbers that at least \$34,000 will have to be added to the item of subsidies to Provinces owing to these two causes. The charges for management are increased by \$10,438.68. That arises from the fact that \$13,000 additional will have to be paid to the agents during the next year, as 1 per cent. on the redemption of a much larger portion of the debt than it was necessary to redeem during the current year. The estimate for Public Works and buildings are increased by \$127,772.97. Hon. members recollect very well that during the last two years, while a surplus was not assured, and while, on the contrary, we had to admit that there would probably be a deficit of half a million, the Minister of Public Works and his colleagues had to resist many applications—applications in respect of works recognized as having great merit—because we did not wish to increase the expenditure beyond the income. Many of these claims which thus rejected, when we felt we had not the means to provide for them, we felt we were bound to recognize now that we show a prospective surplus of two millions in the Treasury. In consideration of that, and looking to the improvement of our harbors, our navigation and our public buildings—

Sir ALBERT J. SMITH. Hear, hear.

Sir LEONARD TILLEY. My hon. friend opposite says "hear, hear." I know he is hoping that his own locality will be considered. I am glad to know that he approves of the extension of these great public works. Under these circumstances I say, the House will not be surprised, the country will not be surprised, but, on the contrary, will be gratified, to know that the Government feels itself in a position to increase the expenditure on the public works, on these great national objects, to the extent of \$128,000. Then there is an increased expenditure of \$61,300 for the militia. During the past two years we have not been able, and we did not feel ourselves called upon, to add to our debt by devoting a larger sum than was absolutely necessary for that important service. It is well known that during last year and the year previous, the volunteers only received, I think, four days drill per annum—

Mr. CARON. Six.

Sir LEONARD TILLEY. Six was it. I knew it was about half what they were in the habit of getting. It has been considered desirable and in the interests of the country, that the sum for drill should be increased, and that the drill, this year specially, shall be greater than it has been for the last year or two. The sum to be expended on Ocean and

River Service is increased by \$56,140. This arises from the fact that communications have taken place between parties in France, and parties in Canada, relative to the importance of establishing a line of steamers to ply between the city of Quebec, and France. It would be an advantage if such a line could be established; and as it has been asserted that the French Government will contribute \$100,000 towards the undertaking, it was considered desirable to ask Parliament to place at the disposal of the Government \$50,000 for the purpose of securing the establishment of that line between Quebec and France. I know it may be said that, under the present tariff in force in France, the amount of business transacted between the two countries has not been large. But the very fact of the French Government granting \$100,000 to this line, will be a declaration on its part that it is prepared to extend its trade relations to Canada; and Canada, therefore, is not in a position to resist, for a moment, an application for a grant. We have, therefore, asked \$50,000 for the purpose. Then, Sir, there has been a growing difficulty in the Maritime Provinces with reference to the communication between those Provinces and Great Britain. The people of the Maritime Provinces for the past year or two have been turning their attention to the export of cattle, of agricultural products and of fruit to Great Britain; and from the fact that there was no line of steamers from the Maritime Provinces, except from Halifax—and the steamers from that port were not exactly the kind to do the business we required them to do—we were compelled to go to the city of Quebec, largely, and take the steamers there, which greatly added to the expense of the transport, and to the reduction of the profits of shippers in the Maritime Provinces who were shipping the Government have, therefore, decided to ask Parliament to place at its disposal, for a fortnightly steamer running alternately from Halifax and St. John, and thus serving Prince Edward Island also, the sum of \$25,000. I feel, Sir, that these services costing \$75,000 will be sustained by the House and by the country. On railways and canals the increase is \$76,268. This is for repairs, which in many cases will be somewhat extensive during the approaching year, and enlargements. There may be a question whether a portion of this sum should not be added to capital; but it was considered best, under all the circumstances, to ask Parliament for that sum, and to be charged against income. The estimated Post Office expenditure is increased by \$91,500. As will be seen by last year's Estimates, we asked for an increase then, but I am happy to be able to say that while in 1879-80 there was a considerable increase in the expenditure on the postal service, there was also an increase in the revenue, although not quite equal to the expenditure. During the present year there is an increased income expected from that source; and you will observe that the estimate of income mentioned by me a few minutes ago was \$1,300,000, which is a sum considerably in excess of any amount we have yet received from that source. Now, Sir, these items I have named make altogether \$776,944, as against a total increase, including the Supplementary Estimates, of \$884,000. When we come to these items, Sir, and ask the House to vote them, we will be in a position to state more fully than I have stated just now, our reasons for asking Parliament for them. Now, Sir, I have gone into the income and expenditure of 1879-80, the expected income and expenditure for 1880-81, and the estimated expenditure and income for 1881-82. Hon. gentlemen may ask if, with the estimated surplus for the present year of \$2,000,000, and the estimated surplus next year of \$1,500,000, we propose, in the resolutions we are about to lay on the Table, any great reduction in the Tariff. My answer, Mr. Speaker, is that the propositions that we are now about to submit for the consideration of

Sir LEONARD TILLEY.

the House, with reference to the amendment of the Tariff, are mainly for the purpose of placing a number of articles, that are now subject to a 20 per cent. duty, and are raw material for certain manufacturers in the free list. The resolutions also provide for the increase of the duty on some manufactured articles, where the Government feel that it is desirable that additional protection or support should be given to those particular industries. There is, also, a reduction of duty on two or three articles that are to the manufacturer raw material, in order to place them in a better position than they were before. There are resolutions for the purpose of smoothing—if I may use the term—the working of the Act or of the Tariff, to remove the difficulties which have been found to exist in working out this Tariff and secure uniform action, by all the officials throughout the Dominion. We found that varied rates have been fixed by different officials on the same article, and it became the duty of the Government to see if, by changing the wording or classification of the goods they could not remove what I admit to have been an irritation and annoyance to importers. I know that last Session we removed a great many of these, and I trust the resolutions now about to be submitted will remove many more, if not the whole of them. But these resolutions will not materially affect the Tariff, except, perhaps, in reducing the amount to be received, but immaterially. The Government considered the question whether it was desirable, in the present state of things, to ask Parliament to take the duty entirely off certain goods or reduce the duty on others, and so materially reduce our receipts. After giving that matter full consideration, it was decided—in view of the fact that at the present time the effect of this Tariff, or National Policy as it is termed, has not been fully developed, and we do not know as these manufactures increase and grow in the country, whether they will give back through their employes an equivalent for what we lose on their products; we do not know what will be the effect of the rapid extension, of the manufacturing industries of the country—we thought it desirable, on this ground, to make no proposition for a large reduction of the Tariff during the present Session. More than that, when the Tariff was brought down in 1879, in was stated distinctly that the Government was willing to renew the Reciprocity Treaty of 1854, and as an expression of the feeling of this House, they gave the Government power to reduce *pro rata* the duty that we now collect upon the raw material, such as coal, lumber and grain, and everything of that kind in precisely the same proportion that the Government of the United States, or Congress, might think proper to reduce their duties, and even, if necessary, to remove them altogether. Well, Sir, we know that during in the last Session of Congress—and renewed this Session—petitions were sent to Congress to appoint a Commission to confer with the Canadian Government in reference to this matter. We do not know whether anything will grow out of that or not. It may not result in any proposals being made to the Imperial Government on the part of the United States authorities, but the carrying out of such a policy would largely reduce the revenue we now receive from coal and other articles now contributing largely to our revenue, and as long as there is a possibility of that taking place, it would be impolitic for us to ask the House to reduce the Tariff. We thought it would not be injurious to be able to show in two or three years that we had a surplus of two and a half or three million dollars. It would not affect our credit abroad, certainly. These are the reasons which decided us at present not to come to Parliament and ask for a reduction in the Tariff. If there is no chance of these articles being made free, if there is no chance of our natural products having a free market in the United States, if we find that in addition to the \$300,000 required for interest on our expenditure in

the construction of the Pacific Railway we have a handsome surplus, I need not tell hon. gentlemen that we shall be only too glad to relieve the people of taxation, whether to the extent of half a million or a million of dollars. But at present we feel that it would be unwise and undesirable to do that. I think, from the facts I have submitted with reference to the state of the revenue up to the present time—facts shown by the papers laid upon the Table an hour since—that there can be no question as to the revenue producing power of the present Tariff and its ability to pay all the requirements of the country. That being established, then comes a very important question, whether, as it is proved to be a revenue producing Tariff, it is also a protective Tariff. Our friends opposite, as is well known in this House, discussed for some six weeks the Tariff submitted in 1879. They took strong objections to many of its provisions. They met us with a statement that the Tariff must prove a failure in one or the other respect, either as a revenue producing Tariff or as a protective Tariff. I desire to ask the House for a few moments to consider—from the evidence we have all had from our every day observation, as we have necessarily from day to day and week to week been brought into contact with the manufacturing industries of the country—whether this tariff has not given a great impetus and stimulus to the manufacturing industries of the country. This Tariff has now been in force since March, 1879, and I have given its operation careful personal consideration. I have done more. I have endeavored to obtain reliable information from every part of the Dominion as to its working, and as to the effect it is producing upon certain industries, as to the new industries which have been created, and the old ones that have been revived, and as to the general impetus it has given to the manufacturing industries of the Dominion. I do not hesitate to say that those inquiries have resulted in the most favorable returns, and in the strongest possible evidence of success. I know there are hon. gentlemen in this House who will say that I and my friends are too sanguine upon this subject. I have therefore prepared a few facts to present for their consideration. I would ask them how it is possible that the trade returns and other evidence presented to us could show such largely increased importation of raw material, if our manufactures had not largely increased. Let me, Sir, in the first place, call the attention of the House to what is in my judgment one of the strongest evidences possible of increase in our manufacturing industries in this Dominion. We know there are certain industries that do not require fuel to carry them on as steam power is not used. But in a large portion of them steam power is required. I wish, therefore, to compare the consumption of coal in 1878-79 with that of 1879-80. In 1878-79 we imported of coal 889,740 tons, and of Nova Scotia coal we consumed 554,603. I ascertain this by taking the whole number of tons of Nova Scotia coal sold, and deduct from it the number of tons exported, the balance being the amount consumed in the Dominion. This makes a total of 11,444,343 tons altogether consumed in Canada in 1878-79. This increased importation of coal was one of the elements that I did not calculate upon. I was not sanguine enough when I made my statement in 1878-79. I supposed that the consumption of Nova Scotia coal would so increase that there would be less importation, and consequently less revenue upon this article. But I find that in 1879-80 we imported 973,778 tons. We consumed of Nova Scotia coal 811,719, making the increased consumption of coal in that year over the preceding year of 341,154, the increase in Nova Scotia coal being 257,116. That bears very strongly to my mind, upon the very subject we are discussing as to the effect of this Tariff upon the manufacturing interests of this Dominion. I desire to give a little further information, because I consider it pretty strong evidence. I may say, with reference to the cotton manufactures, that they have very

largely increased. We have several new factories started and many of the old ones have been enlarged. The returns submitted to me show that we are employing to-day, in the cotton factories, 1,850 hands more than we were when the Tariff was changed. The best evidence we have outside the evidence now before me, is that the products of the cotton mills have been increased about one and three-quarter millions a year. And it is said that the enterprise has not been ruinous to those engaged in it, and I am glad of it. I know there was some fear expressed, that so rapidly was this industry being developed, that by-and-bye, cottons would be so cheap that the men who had capital invested in the factories would be ruined. My inquiry presents the facts I have stated, that the products of the factories have increased a million and three-quarters a year, and we are now employing 1,850 hands more than last year, and that is evidence of prosperity that cannot well be gainsaid. Gentlemen may say: "But your returns are not right. You have been in communication with parties interested in this enterprise, and they have given you large figures, or if you visited the factories yourself, (as I heard it said in the case of one place visited) the men were taken from the lower floor to the upper floor to make an exhibition." However, I am pretty confident that there was no ground for that statement. It might be said, however, that my calculations were wrong. But take the Trade Returns, and what do we find? We find that in the last eighteen months the imports of raw cotton—as we produce none in the country, the amount imported gives a fair gauge of the extent of manufacture—increased \$871,473. Now, Sir, the increased value of this material when manufactured is admitted to be from \$1,450,000 to \$1,525,000, that is, this raw material with the labor of manufacture added, is in value \$2,396,564, representing the increased value of the products of this industry in eighteen months. That bears out the statement furnished me from other sources. Well, Sir, a word with reference to this cotton. It may be said that the country pays very heavily for this industry; it may be said that it increases the taxation direct and indirect of the people of Canada. I stated here in my place in March last, that I held in my hand a list of prices at that time of certain descriptions of cottons made in the Dominion of Canada, and those prices showed that they were sold in Canada as cheap as they were sold in manufactories in Massachusetts at that time. I believe there is a difference now, but it does not equal upon this class of goods the revenue formerly collected upon it. I have received a list of prices of a new branch of that industry—that of knitting cotton—established in my own city. The manufacturer is supplying, and will supply, every part of the Dominion, and his prices compare pound for pound, cent for cent with those of the New Hampshire manufactories. Well, Sir, the next article we come to is the article of wool. Now, Sir, the result of my inquiry with reference to the woollen industry is that the products of wool during the last year in Canada have increased \$2,000,000; and I am authorized to state here that the great bulk of the woollen goods manufactured in the Dominion of Canada in the last year are selling to-day cheaper than ever before, taking into account the price of the wool. Now, Sir, if my statement be correct, the Trade Returns will show something like the same result. The statement is not as perfect or as reliable as in the case of cotton. Of course, cotton is not produced in the country, but wool is; and we consequently see that the result of the operation of this Tariff, is not only to increase the importation of the latter article, but to increase the demand for what we produce in our own country. The increase in the wool, imported during eighteen months, amounted to \$1,153,587, and the increase in the value of woollen goods produced in the country was \$2,500,000, leaving an amount equal to \$1,346,413 to



represent the increase in labor, capital, etc., expended and invested in the industry. This result corresponds, as nearly as possible, with the estimates, from eighty mills in the Province of Ontario, twenty in the Province of Quebec, and some in the Maritime Provinces, showing an increase in the products, in all, of about \$2,000,000. We now come to another raw material, which forms an illustration of the increase, which has taken place under the Tariff, in the value of the articles manufactured in the country. I refer to the article of hides. The increased value of the imports, for eighteen months, was \$807,297, and in the value of the manufacture of \$1,614,000, leaving for labor, bark—which is practically labor—and capital, a sum of \$806,703. The result of my enquiries, in so far as I have been able to obtain information from the leading industries, was all in this direction, and showed in effect what I have stated. The increased value of pig iron entered for consumption, during the eighteen months, was \$303,189. Now, Sir, this is only an approximate estimate; it is, moreover, a low estimate; and when we take into consideration, the quantity which enters into the manufacture of stoves, sewing machines, etc., the value of which when manufactured is \$1,000,000, we find the difference between the value of the raw material and the manufactured article to be nearly \$700,000, all of which goes to pay for labor and capital invested. Now, Sir, we come to a question which has, perhaps, received more attention than any other arising out of the present Tariff—an industry which is spoken of by our friends opposite as one of the 'pet industries of the Dominion of Canada. The Tariff largely increases the manufacture of the article produced by this industry, and—so it is alleged—reduces materially the revenue to be derived from it. I refer to the article of refined sugar. Sir, I wish to make some statements to the House on the subject of this so-called favored industry, in the course of which, I think, I shall be able to show that it, above all others, is deserving of our support, not only in affecting the industry itself, but as affecting the general interests of the Dominion of Canada. I have seen it stated since the Trade Returns were laid on the Table of the House, that it is quite clear from the statements contained therein, that this is a losing industry for the country, because it is shown that in 1878-79 the value of the sugar imports was \$5,650,677, and the duty derived from it \$2,554,582, while the value of the imports of 1879-80 was \$3,904,287, and the duty collected \$2,026,000. The question is asked: how can you explain the decrease of the value of the imports and the decrease of the revenue, unless the money goes into the pockets of the refiners. I will endeavor to explain it, and I will leave it to the hon. gentlemen opposite to show if I am wrong. If there is any fallacy in my statement, I would like to have it exposed. We find that the value of the imports of 1878-79 and the duties collected, were increased from the very cause I referred to—that is to say, from the large importation, and the withdrawal of an enormous quantity of sugar from bond, which took place during the period immediately before the new Tariff came into operation. We find, on looking over the imports of January, February and March, 1878, that we imported a little less than \$1,000,000 worth of sugar, while in 1878-79 during the same period, we imported \$2,000,000 and the result was that we paid \$225,000—that is, the half of \$450,000 additional collected upon importations of 1878-79—which belonged to the next year, and we paid half a million dollars for sugar that was consumed in the next year. If, therefore, you will take half of the extra million dollars received during these three months, and add it to the value of the imports of the following year, we have \$4,404,287, as against \$5,150,677 of the previous year. Then, so far as the revenue of the year is concerned, if you carry to the credit of the last year the \$225,000 received the year previous you have a revenue of \$225,692

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or \$77,890 less than the year previous. Now, Sir, the difference of the value of the imports, as shown in this statement, would be \$746,390. It may be said that this amount is in the pockets of the refiner; I will endeavor to show where it has gone. I want to explain where this amount has gone. Now, you will recollect that the duties collected in 1878 and 1879, were upon refined sugar manufactured to a large extent in the United States and imported from there, and, therefore, we paid duty upon the labor of the refiner of the sugar upon which freight was paid, and upon other charges and expenditures in the same connection, which increased the value, under that operation, to \$746,390. Where did it go to? Freight on 38,000 tons of sugar, at \$6.50 per ton, and which we received no portion of, but was, of course, paid the refiners in the United States, where it was taken for the purpose of being refined, and where they paid it. That \$247,000 was paid last year to the vessels that brought that sugar mainly to the ports of Montreal and Halifax. There were 24,000 tons of coal used in refining sugar in Canada last year; which, at \$4 per ton delivered at the refineries, amounted to \$96,000. We manufactured in Canada last year 300,000 barrels, which, formerly, were manufactured in the United States, at 32 cents per barrel, amounting to \$96,000. Wages of 400 hands employed in refining that sugar, \$160,000; wharfage that went into the revenue of the Commissioners at the Port of Montreal, and cartage mainly paid to the people of Montreal, \$27,000; animal charcoal and other expenditures for refining material, depreciation of stock, etc., \$40,000; interest on investment on the two establishments then in existence, \$49,000; insurance on the buildings, \$12,000; one and half per cent. as insurance on the sugar that was imported, \$7,500. You will find that these added, make a total of \$794,500, as against the \$746,390 stated before. It will be difficult, until the Trade and Navigation Returns for this year are before Parliament, to compare the figures of last year with those of preceding years, but for the six months of the current year for which we have returns. We find that the quantity imported during the first half of the year was 2,915,798 lbs. against 2,061,344 lbs. for the last half of the preceding year, and that the duties collected for the first half of this year amounted to \$1,398,093, against \$1,101,680, showing an increase of \$296,413 during the first half of this year; and if we have but two thirds of this sum during the balance of the year, we shall have more revenue out of sugar this year than in any previous year since the Confederation of the Provinces. Under the operation of this Tariff we have \$749,500 distributed amongst the owners of our vessels and laborers—

Sir ALBERT J. SMITH. Oh no; foreign vessels.

Sir LEONARD TILLEY. I am reminded that there were some foreign vessels. A considerable portion went to our own vessels, and there will be more this year, for a refinery is being established in Halifax, and, I am happy to say, there is one already in operation at Moncton. Here I may say, with reference to the Maritime Provinces, that having no refinery there in the past, the only direct trade with the West Indies has been the sugar brought to Halifax and sent by train to Montreal, but now, with the refinery in Halifax and another in New Brunswick, there will be a change. We paid to vessels coming to Canada, \$247,000; to our coal industries, and for this industry alone for 24,000 tons, \$96,000; 300,000 barrels manufactured, \$96,000, wages of 400 hands, \$160,000. What does 400 hands mean? It means 200 tenements occupied in the city of Montreal that would have been vacant; and not only that, you have these men, who are customers for every branch of trade and industry in that city. And now I am happy to say it extends beyond Montreal to the Lower Provinces. In addition to these we have other expenditures, amounting in all to \$794,500. Hon. gentle-

men opposite may say: "Supposing all that to be true, the people of the Dominion pay more for their sugar than they did under the old Tariff!" That, Sir, is greatly exaggerated. I hold in my hand what I believe to be a reliable statement with reference to granulated sugar during the past year. I have here the prices during every month of 1880 in the United States and in Montreal. The prices in the United States averaged \$6.52. Add the old duty, (because I am making the statement under the estimate of the old duty), 25 per cent. \$1.63, 1 cent per pound, \$1, and all other expenses of every kind, 35c.—that brings the price of granulated sugar to \$9.50, as against an average price during the past twelve months of \$9.75, or an increased cost of 25 cents per 100 lbs., as between the present price and what it would have cost to import it under the Tariff of 1878. Now, I am also informed, on what I consider reliable authority, that the yellow refined sugar is now in the market to-day by the refiners and sold at from 14 to 19 cents per 100 lbs. less than it could be imported from the United States for, under the Tariff of 1878. I may go further, and say that grocery sugar No. 14 now pays three-fourths of a cent per pound and 30 per cent. duty only, when, under the Tariff of 1878, it paid one cent a pound, and 25 per cent duty.

Sir RICHARD J. CARTWRIGHT. No.

Sir LEONARD TILLEY. I speak of that class of sugar of which I had a sample a year ago—a very fair grocery sugar. That sugar is imported to-day at a quarter of a cent per pound less duty than it was in 1878, with five *ad valorem* addition, and the packages containing per cent. it being free of duty when brought directly from the West Indies. Therefore, that class of sugar is nearly a quarter of a cent per pound less to the consumer to-day than it was in 1878. It is quite true that the *ad valorem* duty on raw sugars used by the refiners was increased from 25 to 30 per cent. in the Tariff of 1879, but there should be no complaint if the refiners have to pay that: it does not amount to that because the practical effect, as there is no duty on the packages as in 1878, is, that it does not cost a great deal more than under the Tariff of that year. Therefore, looking at it from this standpoint, if the refined sugar, under this statement, costs an average of 25 cents a hundred more, and if yellow sugar of average quality is sold to-day at from 14 to 19 cents per hundred less than under the old Tariff, and No. 14 can be had for a quarter of a cent less per pound, then the people who consume sugar in Canada cannot be paying a very large sum over and above what they paid before. But we have, in addition to that, an industry created which represented \$750,000 in toto last year, which will increase and grow, amounting during the present year, probably, to \$1,000,000; and what is more, the vessels that brought that sugar into the port of Montreal (because it was confined to Montreal during the last year) and brought the coal there necessary to refine it, amounted to 62,000 tons. What effect had that upon the general industries of the country? It had this effect: that while it gave a large increase of revenue to the port of Montreal, it gave a largely increased business to that district of the country. But it did more. The fact that those 62,000 tons of shipping were at that port, led to the shipment from it of a larger quantity of grain and foreign products from the United States, because there was the tonnage and freight at a reduced rate. The competition of those 62,000 tons did diminish very materially freights at Montreal last summer; and every ten cents saved in freights on a barrel of flour of the product of Canada left just that much more in the producers' pockets; and every half cent reduction in the freight of a bushel of wheat went into the farmers' pockets, as did also every ten cents saved in the carriage of a box of cheese; and so with all similar reductions in freights of bacon, pork and other products. If, by the oper-

ation of this Tariff, we attracted, last year to that port 62,000 tons of shipping, that otherwise would not have been seen within it, I believe that, indirectly, the whole Dominion, and especially Ontario, experienced from it a great and decided advantage. But during the present year this advantage will be extended to the Lower Provinces, and, with our sugar refineries in operation in Halifax and Moncton, what will be the result? There will be a large increase of trade between those Provinces and the Dominion generally and the West Indies. When our vessels going to the West Indies have a return cargo of sugar and other articles, they will be able to carry away from our ports fish and other products at lower rates, which will give us the benefit of greater employment for our own vessels besides. If, then, we should pay 25 cents per cwt. more on our sugar, the agriculturists of the west, and lumber and fish merchants of the Lower Provinces, will have an advantage equivalent, or even greater, in that increased trade with the West Indies, reduction of freights and larger exports from the Lower Provinces and Province of Quebec. The next point to which I shall call attention is the increase of our manufactures throughout the country. We see new furniture factories, and new establishments for the manufacture of locomotives and rolling stock, one of which I had the pleasure of visiting. This shows the increase of enterprise in the country. With reference to one new industry, the manufacture of beet root sugar, my colleague beside me (Mr. Mousseau) has just handed me a cablegram from Paris, which he has received to-day. I see my hon. friend opposite (Sir Richard J. Cartwright) smiling, as much as to say these telegrams are very convenient. No doubt they are very convenient sometimes. But pretence is not necessary in this matter; for it is an established fact that the beet root sugar industry is a veritable enterprise. I may say, in passing, that the Government propose submitting a resolution to the House, asking it to extend the resolution passed in 1873, exempting any beet root sugar factories from payment of duty for eight years; now only two years have to run, and our intention is to extend the period eight years from July next. The machinery for the factory referred to in the telegram has been purchased in Paris. I come now to the furniture factories, in regard to which I find a considerable increase, though not so large as some of our other industries. With regard to locomotives and rolling stock, the amount required by our railway companies, and largely by the Government, has been ordered, and is being manufactured in the Dominion. Look, for instance, at the Grand Trunk Railway Company alone. You need only enter their workshops at Montreal to see what a wonderful impetus has been given to that particular industry; and at every city you will find similar evidence of the beneficial operation of the National Policy. You will see, moreover, one factory for cars at Cobourg, another at London, and more in other localities. But under the old Tariff they were imported from the United States. In the production of agricultural implements, waggons, and so forth, the last year or two witnessed a large increase. The makers complain that they make no more profits than before, but we find the quantity largely increased. The returns for Manitoba show a great increase in the purchase of Canadian manufactures and products since 1872, an increase that is marvellous. In that year their value reached \$390,000, and last year \$3,600,000 worth of the manufactures and products of Canada were imported into Manitoba and the North West, a considerable portion being agricultural implements. A new market has been opened for our wares in that country, from which those of the Americans have been shut out. In the language of a gentleman I met at Kingston in April last, and who formerly lived in Canada, but now resides in St. Paul, Minnesota,—our Tariff has killed his business with the North West. The boot and shoe industry has increased

25 per cent both as to the amount produced and the number of the employes. We find them, moreover, working full time, while, before, they worked but two-third time. The manufacture of earthenware is constantly increasing, and that of hardware, including stoves, shovels and hoes has received a new impetus. Among the new factories established, are two for silks at Montreal; they weave magnificent silks, and are preparing to make ribbons of every description. Paper manufactories are also increasing in number, and producing more than ever, wall and colored papers inclusive. We have a new paint manufactory on a large scale, established in Montreal. The organ and piano industry is largely increasing everywhere, and the increased demand at home which is something marvellous, is one indication, at all events, that times are more prosperous; for such articles are purchased only when people can afford it. Then we have lock and brass works of various kinds, and we, for the first time, are manufacturing plated ware—one factory at Hamilton, another at Montreal. There is, in addition, corset factories employing 500 hands, and one ready-made clothing establishment, alone employing 900. Soap and other manufactories are increasing all the time, all multiplying the number of workmen, and increasing their wages. From a careful estimate it is now established that, in the last year, the increase of raw material, in value, by the application of machinery, capital and labor, throughout the Dominion, was \$6,000,000, and the number of persons employed has been augmented 14,000, representing, with their families, a total of 42,000. About \$1,000,000 passes to the hands of the people engaged in those industries, which money is generally distributed. If, of those 14,000, 7,000 are occupiers of houses and tenements, are they not building up a new city, practically, in a year—a city of 40,000 inhabitants, and adding 20,000 more, because we do not import the half of what they consume, which gives increased employment to our own people. We are thus practically building up, in a year, a city of 60,000 inhabitants, with the capital expended last year in this way, of \$5,000,000 or \$6,000,000; we are establishing new manufactories of various kinds, apart from other expenditure, to the advantage of our people, and all these are the results of the National Policy within eighteen months. I would ask the House whether, under these circumstances, the most sanguine supporter of this policy expected it would have accomplished so much in that time? The leader of the Opposition stated that I intimated my intention of visiting the agricultural districts. He must have seen that I visited some of them during last summer, but not so many of them as of the manufactories. Unfortunately for my plans in this respect, three members of the Government were absent in England a portion of last summer. Some of us had to keep watch and ward, and were unable to be absent from Ottawa as much as we desired. But what did we find? Some few facts are patent upon the face of your enquiry every where we go. I know it is a vexed question, and hon. members on both sides of the House argue it from different standpoints; but it is clear that the effect of the Tariff has been to increase the price of flour, wheat and other cereals, and, from the most careful enquiry that can be made, I have arrived at this estimate: that flour is increased to the consumer in Canada, ten cents per barrel. That is the calculation I make; there must be some speculation about it, but that is the closest estimate I can obtain. The increase in the price of wheat in June and July, in Canada, was unquestionably caused by the Tariff. There are periods of the year after the harvest when we have an abundance, when in spring a large portion has been manufactured, and owing to the increased demands of mills the prices rise. When there is a surplus, and when a market must be sought elsewhere for the wheat, prices may not be materially affected, but at the same time there are periods in the year when the growers obtain a benefit, as they did last spring with respect to wheat and rye. I find from investigation that there has been in part of the

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Dominion, and along the banks of the St. Lawrence, a new inquiry enquiring for that article, and that the distillers of Ontario and Quebec instead of using corn are asking for and buying rye, giving growers an increased price as the result of the duty on corn and rye. The duty on corn has increased the production of corn in Ontario, especially in the western portion of the Province, whatever may be said with respect to other portions of the Dominion. With regard to oats, it is estimated that the result of the Tariff has been to increase the price of oats in the Maritime Provinces, and in this part of Canada three cents per bushel to the consumer—and, if it is any comfort to hon. gentlemen opposite, I admit the lumberer pays his share of it. What did I further find? That no part of the Tariff is more acceptable to the agricultural population than the increased duty imposed on fruit and fruit trees. Under this system, persons who desired to obtain fruit in the early season, when Canadian fruit was not fit to use, could afford to pay the increased duty. In the season, when we have a surplus, and we had a large surplus last year, it is admitted that if it had not been for the duty imposed, our last year's fruit crop could scarcely have been sold, and that, though it had to be sold at low figures, yet the financial result would have been infinitely worse had there been no protection. With respect to bacon and ham there is now a protection to the farmer of 25 per cent. I may here say that some of my hon. friends behind me have been urging on the Government to increase the duty on salt pork. That article enters largely into consumption by the lumbering interest, and that is an interest which we cannot legislate specially in favor of, but against which we desire to tax as lightly as possible. We have not, however, seen our way clear to ask to increase the duty on salt pork at present; but I may say that in looking over the duties, we find that about nineteen or twenty per cent. is the duty on pork and other meats. Then, see the effect of the increased consumers in the home market of vegetables, poultry, eggs, fresh butter and cheese, and everything that comes into the home market in the neighborhood of the manufacturing centres; they receive for all those which may be considered perishable articles and cannot be exported to Great Britain, increased prices as the result of the increased wages received by the increased number of people employed in manufactures and their prosperity. In 1879 and last year, especially in 1879, very grave objections were brought against our Tariff by hon. gentlemen opposite, in a very plausible manner. If some of those objections had been borne out by experience, the fact would have had some effect on the Government; but I am happy to say that, after examining these objections carefully, evidence has proved that the fears entertained by hon. gentlemen opposite were without foundation, and that we stand here to-day with our policy vindicated in the face of the country. One of the objections put forward, was that the Tariff would reduce the foreign exports *via* Montreal and Quebec and the St. Lawrence, by the imposition of custom duties on raw material, or upon wheat or flour and products of foreign countries passing over our railways and through our canals to Europe, by the necessity for bonding such goods. If that could have been established there would have been some ground for considering how the fact should influence our conduct in the matter. But what are the facts? I glean from the official records that during the summer of 1878, the open season from May to November, there were exported foreign products, *via* Montreal, of the value of \$6,743,771; in 1879, \$9,439,727; last summer \$11,148,509. The hon. Minister of Customs made arrangements by which the products of the Western States would pass through without let or hindrance, under regulations adopted by the department, and no inconvenience whatever was felt. Now, let me say here that in addition to this, I think the increased export was due to a large extent to the increased tonnage that was there. I recollect

when in St. Catharines in the autumn of 1879, the owners of vessels on the canal told me that the limited business on the canal was caused by the limited tonnage at Montreal; that if they shipped their grain or flour at that port, they might have to pay very high freights, and they selected United States ports in preference; and I say that any policy which will increase the tonnage at Montreal, will relieve this difficulty and give a larger trade to our railways and canals. Another objection was that the imports of English manufactures would decrease while the imports of those from the United States would increase. In reply to that, I will simply read a tabulated statement which I have in my hand, showing exactly what has been the course of trade between Canada and England, the United States and other countries respectively since 1874-75. In 1874-75 the importations for consumption from Great Britain was \$60,000,000; from the United States, \$50,000,000; from other countries, \$8,000,000, or 50 per cent. from Great Britain, 42 per cent. from the United States, and 7 per cent. from other countries. In 1875-76, the figures were: Great Britain \$40,000,000, or 43 per cent.; United States, \$46,000,000, or 48 per cent.; and \$8,000,000, or 8 per cent. from other countries. In 1876-77, Great Britain, \$39,000,000; United States, \$51,000,000; other countries, \$5,000,000, or 41 per cent. from Great Britain; 53 per cent. from the United States, and 5 per cent. from other countries. In 1877-78, from Great Britain, \$37,000,000; United States, \$48,000,000; other countries, \$5,000,000, or a percentage of 41 for Great Britain, 53 for the United States and 5 for other countries. In 1878-79, the amount from Great Britain was \$30,000,000; from the United States, \$43,000,000; for the great bulk of the imports that were brought into the country, in February, 1879, came from the United States—such as gray cottons, refined sugars and a number of other articles. In that year, we imported from other countries, \$5,000,000; and the percentage for that year was 38 per cent. for Great Britain, 54 per cent. from the United States, and 6 per cent. from other countries. In 1879-80, we imported from Great Britain, \$34,000,000; from the United States, \$29,000,000, and from other countries, \$7,000,000, or a percentage of 48 from Great Britain, 40 from the United States, and 11 from other countries; or, in other words, for the first time since 1874, the importations from England were in excess of those from the United States. The next argument of these hon. gentlemen was that the Tariff would create an unfriendly feeling between England and Canada and damage our credit. Let us see what the answer is upon that point. I have in my hand a little pamphlet published in England, showing the exports from Great Britain to other countries, and I find that during the present calendar year the exports from Great Britain to Canada have increased by £1,200,000 or \$5,000,000. This English writer shows that our trade has increased with that country instead of showing a falling off, as hon. gentlemen predicted would happen under the trade policy of the Government. As a consequence no unfriendly feeling exists. Then, Sir, as to the effect upon our credit. I was able to show last year that our 4 per cent. securities stood at 95½ and 96, as compared with 90 or 91 and 92 in 1873, and, to-day, I find that, with the accrued interest at 1½, they are 104½ and 105, or an increase of 7 or 8 per cent. The hon. gentleman opposite—my predecessor as Finance Minister (Sir Richard J. Cartwright)—may say: "That may be true, but you have not increased your securities in the same ratio as the United States." Now, on the 30th December, 1876, 4½ United States bonds, funded, stood at 103½; and on January 1st, 1881, their 4½'s stood at 115½ and 115¾. Our securities in 1878 were worth from 89 to 91, while at the present moment they are quoted at 104½; a fact which shows that the increase is at least equal to that of the United States securities. But I desire to allude to a fact of still more importance. In 1878, New South Wales securities

stood higher in the money markets of England than any other colonial securities in the world; they were actually 5 per cent. in advance of ours at that time. To-day ours are a little in advance of theirs, a fact which will show the relative credit of the two countries, though I admit that the increase is largely due to the abundance of money. But at any rate there is the fact: that our securities have increased relatively to those of New South Wales by five per cent. during the last two years. I come now to another point, namely, the predicted increase of taxation upon the consumer. It was stated in 1879 by hon. gentlemen opposite and repeated last year, as well as during the recess, that the effect of this tariff was to add to the taxation of the people of Canada a sum of \$7,000,000, while only \$2,000,000 would be paid into the public Treasury. I would like to ask the hon. gentleman how that could possibly be? I put the question not only to him, but to hon. gentlemen on both sides of the House. If, say our imports have been diminished by \$6,000,000, add this to the \$71,000,000 which represents the amount entered for consumption last year, and we have \$77,000,000 as the amount representing our importations, if we had not manufactured an increased quantity of goods at home. The average Tariff for the last year has been 20 per cent. or one fifth, which, upon the \$71,000,000 will amount to a sum of about \$14,000,000. The additional duty upon the \$6,000,000 (which we will estimate represents, the reduction of imports) would be, if the goods had been imported instead of being made in this country, \$1,200,000 instead of the \$5,000,000 which the hon. gentleman named. But when I point to the agricultural implements, a large portion of the cotton and woollen goods, a large portion of the iron manufactures, and many other articles with regard to which hon. gentlemen say the Tariff is not popular with the manufacturers because it has not increased the price, then I say that but a very small portion of the \$1,200,000 is paid by the people of this country as a result of the change in the Tariff. As to this contention by my predecessor (Sir Richard J. Cartwright) that a tax of \$5,000,000 is imposed upon the people, and that \$2,000,000 goes into their pockets, I confess I cannot understand it, and I hope that the hon. gentleman will so explain it, that it may be understood by the House and by the country.

Mr. PLUMB. They tried to explain it in West Toronto last summer.

Sir LEONARD TILLEY. Another objection to the Tariff was, that it was going to break up the Union by distributing the taxation of the country unequally on the various Provinces. In the language of my hon. friend from Centre Huron (Sir Richard J. Cartwright), the smaller Provinces would pay a much larger sum proportionately than the people of Ontario and Quebec. The hon. gentleman referred particularly to the Provinces by the sea, his sympathy for us was unbounded, and I thank him for that sympathy. But let us see what foundation there was for it. It would, the hon. gentleman said, break up Confederation by imposing unequal taxation; it would dis sever this admirable superstructure which we are all proud of; it would destroy that union which the country, as a whole, rejoiced to know had been accomplished and which was in the interests of the whole country. But let us see how unequally this taxation, during the last year, under this Tariff, has borne on the different Provinces. I have prepared from the Trade Returns some tabulated statements to which I desire to draw the attention of the House, and which show that if the Tariff has borne more heavily upon one section of the Dominion more than another—and there has been, taking all things into consideration, not much difference—it appears to have borne more heavy upon Ontario and Quebec than upon the smaller Provinces. The increase in the rate of duty on goods entered for consumption in the several Provinces, under the new Tariff, is as follows:



Ontario and Quebec, 3.76 per cent.; Nova Scotia, 2.55 per cent.; New Brunswick, 2.18 per cent.; Manitoba, 2.12 per cent.; British Columbia, 5.08 per cent. British Columbia seems to have paid an increased percentage, and I will explain briefly one of the causes that led to that; perhaps it may be remedied this Session to some extent. Prince Edward Island, 2.21 per cent. In these figures the fact is not taken into account that in the Province of Quebec last year a large portion of the revenue was received on sugar refined. In New Brunswick \$45,000 less sugar was entered than in the year previous; instead of being imported from the United States, it was imported from Montreal, duty paid and taking that into account the balance against Quebec and Ontario would be reduced. The average of the total increase was 3.60 per cent. I now come to the statement made in the Trade Returns by the hon. Minister of Customs showing the rate of taxation per head of the population in the different Provinces, based on the population of 1871. Taking the population of 1871 as the basis, it gives a higher rate per head than our present population would give; but applying the same rule to all the Provinces, the ratio will be the same in proportion. In Ontario and Quebec, for 1878-79, the rate was \$3.51½ per head, and for 1879-80, \$4.08½ per head, an increase of 57 cents, arising largely from the duty paid on sugar. In Nova Scotia, for 1878-79, the rate was \$3.05, and 1879-80, \$3.14, and increase of 9 cents; in New Brunswick, for 1878-79, the rate was \$3.67 and in 1879-80, \$3.05, showing a decrease of 62 cents; in Manitoba, the increase was 78 cents; in British Columbia, though the percentage on the imports was greater, the decreased rate per head was 68 cents. The rate for Prince Edward Island decreased 8 cents; and the average increase for the whole was 33 cents per head. Instead, therefore, of the smaller Provinces paying more in the shape of percentage per head of the population than the larger Provinces, it will be seen that, even making allowance for distributing the sugar duty collected in Montreal over all the Provinces, the amount paid by the smaller Provinces was less than was paid by the larger, if I except British Columbia, which, according to one mode of calculation, pays more, and according to the other has the advantage. If that be the case, the Tariff is not calculated to break up the Union on that head. My experience has been, that Ontario and Quebec have always been willing to deal liberally with the smaller Provinces, and I believe, no matter what party may be in power, they will always continue that policy, so that they need not be alarmed with reference to the operation of this Tariff. In the next place, it was said the Tariff was going to destroy the shipping industry. Well, I know we cannot legislate very materially to protect that interest; but I will tell you what we did do. We imposed the taxation in such a way that the shipping industry would not feel it, but would be in a better position than before. I have here a return of the drawbacks paid from December, 1879, to December, 1880, to the different ship-builders; showing an amount paid of \$60,601.33. In the whole of this return, you will find that, while 75 cents per ton is given on the best class of shipping, there is but one application asking for a return of the duty paid; that amounts to one dollar per ton; whereas, before, there was a considerable amount of duty that had to be paid and there was no drawback. I am willing to submit that statement to prove beyond doubt that the shipping interest of the Dominion is to day in a better position than under the former Tariff. The question of the lumber interest I have carefully gone into. I have made a calculation to show what it cost to produce 2,000,000 feet of logs, including in the calculation the material, the feed, the oats, the pork, and everything of that kind. Deducting the reductions in duties where the duties have been reduced, and adding them where they have been increased, the net increase does not

Sir LEONARD TILLEY.

amount to one per cent. on the cost of production of 2,000,000 feet of logs at the tail of the mill, while on the imports the average increase is four per cent. The tariff had to be increased to meet our deficits; every interest was bound to pay its share, but feeling that we could not protect the lumber interest, we felt bound to touch it as lightly as possible. The tariff drives the people out of the country, they say. Well, Sir, I think the exaggerated statements about the exodus are pretty well exploded. I think, after the articles I have read in the Opposition press on this subject, that we shall hear no more of that. The hon. leader of the Opposition the other night, when pressed, read an extract from a speech I delivered in Toronto. I said in that speech, and I repeat here, that there had been an exodus. Still hon. gentlemen opposite say that we have been discussing this matter to show that there has been no exodus. We have never said there has been no exodus. What we say is that there has been an enormous and unjustified exaggeration of it. I am not surprised that the American authorities should strive to lead away the immigration from Canada to the United States, and I doubt not that some of these persons have been paid by the railway companies of the United States, to make these statements in order to lead emigration from Canada to the United States. What are we to think when we find a leading member of the Opposition, and the hon. leader of the Opposition himself, taking up these statements, and when we find the ex-Finance Minister, after the hon. Minister of Agriculture had refuted these statements, replying that these were obtained from official authorities in the United States, and that he himself had made enquiries since they were questioned, and found that they were reliable? I did feel that it was to be regretted that leading gentlemen in the Opposition, and the leading press of the Opposition, should, during the last twelve months, have thought it necessary, in order to damage this policy and the Administration, to make statements and to publish statements to the country that cannot now be verified or sustained. If the object was none other than to gain a petty victory at some election, I feel that it is deeply to be regretted. And when at Stratford, last autumn, I took up the statement made by the ex-Finance Minister with reference to this exodus and stated that I had it from good authority—from the hon. Minister of Agriculture—that by one of the railways the exodus from Canada to the United States, instead of being 90,000 annually, the whole number of through passengers going west from all quarters was but 53,000, the organ of hon. gentlemen at Sarnia stated that I had misled the people in a manner unworthy of a man occupying my position, and called upon me to prove what I had said, or to stand as a gentleman who had made a statement that was, before the country, untrue. Now it appears that the whole thing was a delusion and a sham. But there has been an emigration, and why was it? It was from this cause. The United States became prosperous a year or two before we had introduced this policy and before we had begun to feel its effects here. Wages had increased; strikes followed; and employers came into the Dominion and held out inducements to our people to leave Canada by the offer of high wages, and it was natural that they should not resist them. The depression of the previous five years had produced such an affect that although this policy was inaugurated, it did not, as its opponents said it should have done, restore by magic as it were in one month all the industries of the country to a condition equal to that which it took the people of the United States twenty years to secure, and which had the effect of leading our people away when we had not the means of inducing them to stay at home that we have now. But happily, we have evidence that they are returning to the country. I know many manufacturers who say they cannot obtain men

enough, and while there has been an exodus, the people who left us are returning, and with them are coming many others in search of employment in this country. Just here I may refer to a new objection raised by the hon. member for South Brant (Mr. Paterson) the other day, when he referred to the diminished exports. Why, Sir, to my mind, diminished exports last year as compared with 1878 are an evidence of the improved condition of our manufacturers.

Some hon. MEMBERS. Hear, hear.

Sir LEONARD TILLEY. Yes, Sir, they were driven out of their own market in 1878 by their competitors from the United States, and they either had to find a market abroad, or to close up their establishments; and I have no doubt that in many cases they preferred making a sacrifice to doing that. The hon. gentleman said that there was \$1,200,000 difference between the exports of manufactures in 1878 and those in 1880.

Mr. PATERSON (Brant). A decrease of \$885,000.

Sir LEONARD TILLEY. \$885,000 was the decrease, of which \$700,000 odd was the sale of ships. What was the fact? In 1872, 1873 and 1874 our shipping industry was most prosperous. Many men who had means, and many men who had not much means but had credit, invested in ships. But down to 1878 the trade was decreasing year after year, and in many cases those ships were yielding no profit; and men on the other side of the water who had mortgages on ships, finding that there was no probability of their being paid, came over to New Brunswick, Nova Scotia, Quebec and Prince Edward Island, in 1878, and compelled many shipowners to close up their accounts, and transfer many of their ships, in order to liquidate their debts to people on the other side of the Atlantic. Then, a large number of vessels, in 1878, were sold to Norway. Under a provision of the Plimsoll Bill, our ships were subjected to regulations which were not imposed on foreign vessels, and I know of some parties who transferred their ships to Norway in order that they might not be subject to the requirements of the Plimsoll Bill; and I have no doubt that a great many of the ships said to have been sold to Norway were transferred for that purpose. I admit that in 1880 the tonnage of ships constructed in Canada was less than that in 1878. We know the reason why: there is less demand for wooden ships than formerly, because iron ships are taking their place; and if there is anything demanded of the Government and Parliament of this country, it was that they should devise some means by which the shipbuilders and mechanics engaged in the construction of ships should be kept in the country by providing other employment for them. I say this at the present moment because my hon. friend endeavored, before we had started on our march, to make a flank movement upon us, which I am happy to say, did not succeed.

Mr. PATERSON (Brant). It is because you were so late in delivering your Budget speech—sixty-nine days from the opening of the Session.

Sir LEONARD TILLEY. That is a sufficient apology. The consequences, had the hon. gentleman's statement been delayed, might have been serious.

Mr. PATERSON (Brant). If the hon. gentleman will allow me, I will state that in the 35 articles of which there has been a decrease in the exports, ships are included to the amount of some \$700,000, but in the other articles there is a decrease in our exports of \$733,000.

Sir LEONARD TILLEY. I looked into that matter last night. Taking the exports of the manufactures of Canada for 1878, and those for 1880—in both cases he included ships—it made over \$800,000, taking the whole of the exports, and if we take the ships out, it made a difference of only about \$200,000.

Now, I come to a question in which we are all interested, and that is the general prosperity of the country. I do hear occasionally some of our friends of the Opposition saying: "Oh, well, times are better; they are improved; but then the National Policy has had nothing to do with it." I thank them for that, because it is really something for the country to have the hon. gentlemen opposite say that times have improved in Canada. It has been a long time since they have done that. Now, I have some facts to state which, I think, are calculated to establish pretty clearly that times have improved. Look at our commerce. In 1878-79 vessels inward and outward amounted to 6,088,550 tons; in 1879-80 to 6,786,791, tons, and increase of 700,000 tons; while in the latter period there were 112,525 seamen against 104,390 in the former period. We hear some hon. gentlemen say: "What has that got to do with manufactures?" As I stated before, 100,000 tons of that increase was due to the importation of coal and sugar. The total exports for 1878-79, were \$71,491,000; those for 1879-80, were \$87,911,000, or an increase of \$16,420,000. The annual average excess of imports over exports from 1867 to 1879, was \$20,000,000. Last year the excess of exports over imports was \$1,451,711, the first instance of the kind in the history of Canada. That is due to two causes: First, because we increased the value of raw materials by manufacture, by \$6,000,000, which diminished the value of the imports by the same sum. Then we increased the exports, due partly, I admit, to a bountiful harvest, for which we have great reason to be thankful. Then with reference to the coal interest, as I stated before, the coal producers of Nova Scotia sold in 1878-79, 688,624 tons; in 1879-80, 944,615 tons, or an increase of 255,991 tons. In British Columbia, last year, they exported 204,527 tons, being 30,738 tons more than the year before. The increased production in Nova Scotia and British Columbia, for the last year, was 286,729 tons. Then there is an increase of trade with the West Indies from \$1,033,849 in 1877-78, to \$1,252,429 in 1878-79, and \$3,151,754 in 1879-80. The imports from China and Japan were \$383,676 in 1877-78; \$448,962 in 1878-79, and \$893,911 in 1879-80. Now we come to some other facts, which are tests of the condition of the country. For instance, the value of the stocks of thirteen Banks of the Dominion on the 1st of February, 1879. The paid up capital then was \$38,465,864. The value at the rates at which they were then sold, was \$38,921,015. The value on the 1st of February, 1881, was \$53,237,168, or an increase of \$14,316,153 on the \$38,000,000 of bank stock in the year. The deposits in the Banks of the Dominion, not including Government deposits, were, in December, 1878, \$66,406,516; in December, 1880, \$79,234,416, or an increase of \$12,832,900. The deposits with the Government in Post Offices and Dominion Savings Banks for the fiscal year of 1878, amounted to \$8,998,113; in 1879, \$9,846,982; in 1880, \$11,688,356. On the 31st of January, 1881, they were \$14,730,594, an increase of \$5,732,481 in two years; this sum added to the \$12,839,900 of additional deposits in the banks, makes altogether \$18,500,000 of increased deposits, showing the increased earnings of the people. Then we will take the receipts of Canadian railways. In 1879, 3,722 miles of road yielded \$15,789,101; in 1880, 3,744 miles yielded \$21,241,756, or an increase of \$5,452,655.

Mr. MILLS. Is that the local traffic or the total traffic?

Sir LEONARD TILLEY. That is the whole traffic. A portion of this increase is, no doubt, due to the distribution of the sugar that was refined in Montreal. Formerly, it came in by the bridge at the Falls, they did not carry it so far, but when it had to go from Montreal to all parts of the Dominion, they got something extra out of that too. I think that with these facts before us, we will be prepared to admit that the country is in a more prosperous condition. We do not claim all that for the National Policy. Oh, no! I think

that the National Policy has had a great deal to do with it, in the first place by giving confidence to the people who had their capital invested. Even on the 14th of March, 1879, there was increased confidence on the part of every man who had capital invested. If you travel over the Dominion to-day and come in communication with men of all classes and all branches of business, they will tell you that business has vastly improved. We have few losses now whereas we had enormous bankruptcies before. In conversation the other day with a large importer and trader of Montreal he said: "Last year we did an enormous business and we lost but \$40 in bad debts. Everywhere we have prompt payments; money is more abundant; business everywhere is better, and the National Policy has had a good share in this improvement. Now, there has been a good deal said about the increase of taxation upon the people of Canada since 1872. It was the burden of speeches made last summer where elections were held, and last autumn. I think it was my hon. friend from South Brant (Mr. Pater-son) who stated that this Government was very extravagant and was ruining the country. And I think that my hon. friend the leader of the Opposition, as well as the late Financial Minister stated that on the return of the present Ministry to power the expenditure began to increase. The latter gentleman said: "You may look for a large increase, and I should not wonder if, in 1883, we should have an expenditure of \$28,000,000." Last Session the hon. leader of the Opposition went out of his usual sphere and made a careful examination of our financial affairs; he apologized for doing so, but it was not necessary, as he handled the subject in a very able manner; still, perhaps, his attention has not been called to a few facts I am now about to give him on this subject. The taxation necessary to meet the expenditure for 1873-74 to 1879-80, may be stated as follows: I deduct the \$2,000,000 surplus because we are not spending it. If we had a deficiency of \$1,000,000 we would have to add that \$1,000,000 to the amount collected from Customs and Excise, because we would have required to increase the expenditure. Then I take the increase of population under the census of 1871 as my basis. It was about 12½ per cent. between 1861 and 1871, and I estimated 12½ per cent. between 1871 and 1881. I divide that by ten, and adding one-tenth to each year from 1871 down, showing the increase. Taking money necessarily collected from Customs and Excise for the purpose of paying the necessary expenditure of the country, as just stated, we find it to be as follows, per head for the population:—1873-4, \$5.01; 1874-5, \$5.07; 1875-6, \$5.22; 1876-7, \$4.82; 1877-8, \$4.71; 1878-9, \$5.02; 1879-80, 4.87. And under the estimated expenditure of the present year (1881), 4.98 as against 5.22 in 1875-76, and 5.07 in 1874-75. It must be borne in mind that between 1873-74 and the time when the present Government came into power, our debt was increased \$40,000,000, and during the last two years \$18,000,000 were added, for which we have provided this year. Notwithstanding that it was 4.87 per head of the population last year, it is estimated this year it will exceed 4.98. This is a matter I have gone into so carefully that I am satisfied I am correct; but, of course, it is quite open for my predecessor, the late Finance Minister, to show, if he can, that I am wrong with reference to that matter.

Sir RICHARD J. CARTWRIGHT. What do you hold the population in 1881 will be?

Sir LEONARD TILLEY. If there is any error it is in favor of my hon. friend, because I divide by ten, and you will see that is at the same percentage. The increase would be larger in the last year, and we give him the benefit from the commencement. Now, as we are entering upon a great work, and one which the country will sustain this House in carrying out, it is necessary that we should look to see how the debt of the Dominion of Canada stands to-day, Sir LEONARD TILLEY.

and how it will stand when that work is completed, as compared with the debts of other countries and the rates of taxation. I have obtained information with reference to the debts of the different Australian colonies, for the purpose of comparison. The following is a statement of the debts per head of the population of the following colonies, June 30th, 1879, and taxes per head for the same year:

	Debt.			Taxation.		
	£.	s.	d.	£.	s.	d.
New South Wales ....	20	6	10½	1	15	7½
Victoria .....	22	5	10	1	19	4½
South Australia .....	25	9	6	2	1	3
Queensland .....	46	16	0	2	18	11½
Western Australia .....	12	11	10	3	1	7½
Tasmania .....	15	17	8	2	2	6
New Zealand .....	51	13	3½	3	4	4
Canada, gross debt....	9	7	2	1	0	7½
Debtor, net debt.....	6	14	1½			

If the engagements in connection with the Pacific Railway could mature during the current fiscal year, the revenue of the year would be found sufficient to pay the interest on the debt, including all other charges upon the Consolidated Revenues, and the net debt of the Dominion would not exceed £9 9s. 4d. per head of the present population, and the taxation for the year would not exceed £1 2s. 2d., or less than one half the average taxation of the Australian Colonies. Now, that would not justify extravagance on our part, I admit, but I make this statement to show our people that our taxation will be only one-half when that work is completed, of what it is in those Australian colonies, and that, under those circumstances, with our country in its present prosperous condition, and with a certainty of a continuation of that prosperity, they need have no fear of the future. Some gentlemen may say bank stocks have increased in value because of the good harvests. That is of a temporary character, but they have increased in value because the assets that the banks held were made more valuable by this policy which is giving an impetus to the trade of the whole country; and if we may judge from the improvement visible in the last two months since it was known that there was a probability of the Syndicate taking this road off our hands and constructing it rapidly, that the liabilities of the country were fixed, and that this road would be completed within ten years, I believe that fact, in connection with the National Policy, has much to do in increasing the value of stocks and of real personal property everywhere, and giving a hopeful feeling to the people throughout the length and breadth of the Dominion. It is said we on this side of the House are very sanguine, and that I am a sanguine prophet. I will not undertake to prophecy, but I ask the members of this House and the people generally to look at the state of trade and our prospects and say, have they ever been more hopeful than at present. I firmly believe, although we have not a high protective Tariff, that by a re-adjustment of our Tariff from time to time for the encouragement and development of the resources of the country, and with our vast fertile belt of lands in the North-West for settlement, there is no reason why we should not be hopeful, and why the most sanguine expectations of the people of the Dominion should not be fully realized. I feel, standing here and speaking as the representative of the Government, that we have ample proof and evidence to vindicate us in the policy that we have followed, and that the gentlemen who support us in this House—and it is more their measure than ours—will be vindicated by those who sent them here. Having heard the leader of the Opposition say a few nights since, that he desired a return to the Tariff of 1878, I would prophecy this—and it is the only prediction I will make: if the hon. gentleman continues to entertain these views and propounds them at the election of 1883, this wave of prosperity that is coming over this country will submerge him and his party if they attempt to check its onward progress by the des-

truction of this policy, and it will be fatal to them all. They may patriotically feel that it is their duty to do it, but the consequences will nevertheless be as certain. In Committee I propose to submit some resolutions, of which the following is a summary:—

*Schedule A.—Dutiable Goods.*

- Agricultural implements—mower and reaper, knives to be added as parts of—department rules same now.
- Books—printed matter not enumerated, to be added at same rate, 30 per cent.
- Britannia metal—in pigs and bars 10 per cent. Manufactures of not plated, 25 per cent,—now all 20 per cent.
- Cocoa nuts—present duty \$1 per hundred—when from place of growth to be 50 cents.
- Cordage—to include Manilla mouline, 20 per cent., being plentifully made in Canada.
- Cotton and manufactures of—amendment intended to make white or dyed jeans, coutilles, cambries, silicias &c., uniform rate 20 per cent—some now 2 cents per square yard and 15 per cent.
- Cotton over 36 inches wide for oiled window blind manufactures to be 15 per cent—now 2 cents per square yard and 15 per cent.
- Clothing of any material not elsewhere specified, to be uniform duty 30 per cent—now according to material.
- Glass and manufactures of—word “moulded” inserted, and words “or fruit” taken out to make item plain, and side-lights and head-lights added at 30 per cent.—The latter now rated according to material, and sometimes not properly rated.
- Gun, rifle and pistol cartridges to be uniform at 30 per cent.,—now rated according to material.
- Grain, flour and meal—now specific duty, to be 20 per cent. upon appraised value when damaged by water.
- Iron and manufactures of—axles, rivets and nuts, to pay same duty, whether of iron or steel.
- Rolled beams, channels and angle, and T iron, now 15 per cent. to be reduced to  $1\frac{1}{2}$  per cent.
- Wrought iron tubing, now all 15 per cent., to be changed, and make all of 2 inches diameter and under 25 per cent.
- Chain cables—over  $\frac{1}{2}$  inch, now 5 per cent., change size to read over  $\frac{1}{8}$  of an inch.
- Laces, braids, fringes, cords, tassels, now various rates, according to material, to be all 20 per cent.
- Lead—old and scrap, to be 40 cents per 100 lbs.; pigs, bars, blocks and sheets, to be 60 cents per 100 lbs.; both now 10 per cent.
- Leather—kinds now dutiable at 15 per cent., not well defined. Item changed and kinds more clearly specified, but duty not changed.
- Liquorice root—the root was inserted here in error, it is in the free list, and is to be expunged from the dutiable item.
- Marble finished—now 25 per cent., to be 30 per cent.
- Musical instruments—except pianos and organs, now rated according to material, to be all uniform duty, 25 per cent.
- Oil—lubricating, now often difficult to determine, duty being of mixed materials to be 25 per cent.
- Pants—white lead in pulp, not in oil, to be 5 per cent.
- Ribbons—all kinds and materials, to be 30 per cent.—now different rates according to materials.
- Oil cloth for floors, etc. . . Wording of item changed to avoid discrepancies in rating, but duty not changed, 30 per cent.
- Plated ware—cutlery plated wholly, or in part, specified in item to make it plain; duty not changed.
- Plaster of Paris—ground, not calcined, now 20 per cent., to be specific—10 cents per 100 pounds, to avoid difficulties in valuation.
- Printing presses—now 15 per cent., to be 10 per cent.

Silk in the gum—item changed to read “or spun, not more advanced than singles.” This to favor ribbon manufacturers.

- Spirits and strong waters—to include medicinal elixirs and fluid extracts, and wine preparations, at \$1.90 per gallon, now difficult to rate, makes matters plain.
- Steel—free until 1st January, 1882, extended to 1883.
- Canned meats, fruits and tomatoes—Specific rates of duty to include the cans, and weight of cans to be included in weight for duty. This has been established by Order in Council and acted upon in the past.
- Satins of all kinds—to be 25 per cent, now various according to material of chief value.
- Screens—of any material not elsewhere specified, to be 30 per cent. Wood screens are now 35 per cent., and others various rates according to material.
- Shawls of all material, except silk, to be 25 per cent., now various rates.
- Slates—roofing slates now 25 per cent., to be specific at 80 cents and \$1 per square.
- Sulphuric and nitric acid—combined, to be 20 per cent. This is so now under Order in Council.
- Telephones, telegraphic instruments, electric and galvanic batteries and apparatus for electric lights to be 25 per cent., now rated according to material.
- Umbrellas, parasols and sun shades of all kinds and materials to be 25 per cent. now rated according to materials.
- Velvets—silk to be 25 per cent. now 30 per cent., velveteens and cotton velvets to be 20 per cent.
- German and nickel silver, manufactures of, not plated, to be 25 per cent. now uncertain.
- Wincies—not more than  $\frac{1}{4}$  wool, plain and twilled, all widths, 20 per cent.  
Checked, striped or fancy not over 25 inches wide 20 per cent.  
Checked striped or fancy, over 25 and not over 30 inches, 2 cents per square yard and 15 per cent.  
But all checked, striped, or fancy, over 30 inches containing wool as part of material or to be rated as “woollen goods.”
- Woollens—horse clothing shaped, added to prevent misapprehension, no alteration in duty.

*Schedule B.—Free List.*

- To be added—
- Beans—vanilla and nux vomica, belladonna leaves.
- Books—educational, for the use of schools for deaf and dumb, exclusively.
- Bones, crude, &c.—the word “and” to be stricken out, to avoid mistakes.
- Colors, dry and in pulp—item to be changed so as to add a number used by wall-paper-makers and others.
- Cinchona bark and ergot.
- Forest trees, for planting—free for Manitoba and North-West Territory.
- Horn strips—for making corsets.
- Extract of oak bark.
- Potash—bichromate of
- Roots medicinal—Aconite, calomba, ipecacuanha, sarsaparilla, squills, taraxacum and valerian, and various other roots are already free.

*Prohibitions to be added—to accord with Copyright Act.*

Foreign reprints of British Copyright Works, Copyrighted in Canada, and of Canadian Copyrighted Works. I shall submit these changes to the favorable consideration of the Committee, and I thank the House for the patience with which it has listened to me.

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