

HOUSE OF COMMONS

Tuesday, April 28, 1868

The Speaker took the Chair at three o'clock.

ACCESSORIES AND ABETTORS

On a motion of Sir John A. Macdonald, the Bill respecting accessories to and abettors of criminal offences was read a third time and passed.

THE ESTIMATES

A message was brought down from His Excellency, transmitting estimates of the sums required for the public service for the year ending 30th June, 1869.

The following are the estimates for the year ending June 30th, 1869, laid on the table to-day:

Civil Government	\$ 602,700
Administration of Justice	176,600
Penitentiaries	245,733
Legislation	299,143
Scientific Institutions	9,750
Arts, Agriculture, and Statistics ..	7,000
Immigration and Quarantine	36,805
Militia and Gun-Boats	1,041,607
Pensions	1,452
New Militia Pensions	17,225
Railways (all of them being in Maritime Provinces) and Intercolonial Survey	1,850,000
Canals	223,000
Parliament and Departmental Buildings	100,000
Rideau Hall	107,000
Public Buildings Generally	25,000
Harbour Piers and Light-houses ..	120,000
Other Public Works	140,500
Ocean and Steam River Service ..	129,600
Light-houses and Coast Service ..	204,622
Marine Hospitals	37,000
Fisheries	36,800
Culling Timber	75,000
Railway and Steamboat Inspection ..	11,550
Expenses Seignorial Commission ..	6,000
Indian annuities, etc.	8,400
Miscellaneous including	100,000
Unforseen Expenses, etc.	93,912
Expenses connected with Confederation and Imperial Legislation thereon	211,312

Collection of Revenue Customs ..	488,261
Commutation and Remission Duties on Imports for the use of Army and Navy	75,000
Inland Revenue	158,550
Post Office	751,000
Public Works, Ontario and Quebec ..	329,695
Public Works, Nova Scotia	240,000
Public Works, New Brunswick	215,000
Collection of Minor Revenues	12,000
Total	\$ 7,901,855

The detailed estimates are just laid on the table.

Expenditure authorized by Special Acts\$10,059,057

The following are the principal items of Public Debt:—

IN LONDON

Interest on Public Debt, Ontario and Quebec	3,132,607
Nova Scotia	284,910
New Brunswick	303,629
Interest on Current Account	25,000

IN CANADA

Interest on Public Debt	219,250
Interest on Dominion Stock	126,000
Interest on floating debt Bank of Montreal	105,000
In Nova Scotia, interest on Public Debt	88,800
Do. on Savings Bank	23,000
In New Brunswick, interest on Public Debt	11,766
Do. Savings' Bank	43,000
Charges of Management, Commission to Financial Agents	37,212
Do. on Investment for Sinking Fund ..	2,477
Advertising, telegrams, postage, and Bill Stamps	3,675
Cost of Provincial Notes	5,000
Allowance to Bank of Montreal on average of notes withdrawn from circulation	156,541
Percentage on Provincial Notes Circulated	50,000
Bank of Montreal for initiating Provincial Notes	1,250

Salaries of Provincial Note Commissioners	2,400
Savings Bank, Nova Scotia	2,240
Savings Banks, N.B. Commission to Savings Bank Agents	1,000
Premium on Exchange	40,000
Sinking Fund	247,713
Redemption of Public Debt—balance of Guaranteed Loan, London Debentures to be redeemed in Canada	874,600
To redeem mutilated Notes, Nova Scotia	60,000
Civil Government salaries—His Excellency the Governor-General B.N.A. Act	48,666

The other items are salaries of judges, indemnity to members, geological surveys, pensions, ocean postal subsidy, compensation to seigneurs \$186,786, and seigniorial indemnity to townships \$45,402, and subsidies to Provinces.

Hon. Mr. Rose, in moving that the House resolve itself into Committee of Supply said that in making his promised financial statement as the most convenient way of presenting the information which he proposed to put the House in possession of, he would state in the first place the probable result of the operations of the current year, ending 30th June, 1868. He would next state the position of the floating debt and changes in it since December last, when he made his previous financial statement. He would then say a few words of explanation of the actual position of the various Provinces towards the Dominion; he would next state the requirements for the year 1868 and 1869, and the means by which the Government proposed to meet these requirements. In the last place he would refer to the anticipated additions in future years to the burdens of the country, and the means by which they proposed to meet these additional burdens. In December last he stated that the probable expenditure for the year 1867-68, would be \$16,226,000—of which \$1,925,000 was on capital account, leaving as the anticipated ordinary expenditure of the year \$14,301,300. The estimates in detail laid before the House showed an estimated expenditure of \$17,225,019 to which had to be added supplementary estimates, \$71,000—making a total of \$17,336,019, instead of \$16,226,000 as estimated in December. There was in reality however no change of any consequence. There had to be deducted as not properly belonging to service of the year \$814,327 arrears paid on account of the

late Province of Canada, and \$205,100 expenditure, which would not take place before 1st July next, and which would be struck out from the estimates before they went through Committee. Deducting these sums would reduce the gross expenditure of this year to \$16,316,562 instead of \$16,200,000 as estimated in December. From this estimated total expenditure of \$16,316,562 falls to be deducted, for capital and redemption, \$1,863,498, also arrears of the late Province of Canada still dependent on vote of the House. He meant the first to charitable institutions, and the sums payable to the townships on account of the Seigniorial indemnity fund. These deductions left \$14,321,380 as the ordinary expenditure of the year 1867-1868. Coming to the anticipated revenue, judging from the experience of the nine months which we now had, he believed, the anticipations to be indulged in in December would be fully realized, and that there would be a fair and moderate excess beyond the surplus he then stated. The gross receipts from customs to 31st December were \$5,318,063. Judging from the receipts of January, February and March, the total customs receipts for the current year he estimated at \$9,000,000. Receipts from excise he estimated at \$2,970,000, and those from miscellaneous sources belonging to receipts of the year \$2,725,500, making a total revenue of \$14,695,500, a surplus over estimated expenditure on 30th June next of \$374,140. Of the total expenditure for which a vote was asked \$17,326,000, there had been expended to 15th April \$9,542,000, leaving to be expended between this and 30th June \$7,784,000. He did not, however, believe the expenditure would be so much. There had been purposely an over-estimate, because under the stringent provisions of the audit Act, it was impossible the Government could by any means spend more than Parliament had actually appropriated. The floating debt, he stated, in December to be \$6,911,901, including the amount then in course of remittance to the financial agents in England to meet the January interest. There were two items not included, \$100,000 to Court of Chancery, which had been deposited at that time and a balance on subsidy account to the various Provinces of \$146,759, making a floating debt in December of \$7,158,676; deducting bank balances of \$3,303,869, there was a floating debt in December of \$3,854,807. The balance due the English agents had not been reduced to \$510,503. There was due the Bank of Montreal \$2,500,000 and to the various Provinces

\$591,667. Total floating debt on the 15th of April \$3,802,299; deduct bank balances, \$1,893,523, and there was left a net floating debt of \$1,708,776, instead of \$3,854,807 as in December last. The amount due the English fiscal agents had been reduced by sale of Nova Scotia bonds to the extent of \$1,002,153; and the floating debt had also been reduced by sale of Dominion stock to the extent of \$1,600,000. He congratulated the House and country that there had been such a sensible diminution of the floating debt, and hoped before six months were over the Government would be under no obligations to the banks or the fiscal agents. The way in which the Dominion stock had been taken up by the country exhibited very gratifying features. There were 61 tenders under par, and 145 at and above par. The most gratifying feature connected with the distribution of the stock was, that it was not taken up by speculators and capitalists, but was diffused over the whole country in small sums held by trustees and executors, charitable institutions and by individuals who thus invested their small savings. It had thus the effect of giving the public at large an interest in the permanency and stability of the institution of the country. As regarded the balance of the sum which had gone in diminution of the floating debt, that raised by the sale of securities of the Dominion or of Nova Scotia bonds, sold as such, it was gratifying to know that this first financial operation of the Dominion had been very successful. With regard to the portion of the floating debt which still existed, he anticipated that it would very soon be discharged by the receipts from the various services which he had indicated in December, which could be realized gradually and without disturbance to the commercial interests of the country. Some progress had been made in the negotiations with the Great Western Railway for realizing the considerable indebtedness of that corporation. There had been, with a similar view, both legislative and executive action on the indebtedness of the Bank of Upper Canada. There was a measure now before the House which would put Government in possession of considerable sums and deposits from insurance companies. A considerable sum would be realized by the post office savings banks. The Government had so far confined themselves to establishing the post office savings banks, and until they had some practical experience of these, deferred establishing the proposed Government savings banks. He was informed that a

feeling existed to some degree in the country that the Government was taking possession of too large an amount of money, which was needed for the commerce of the country. This was not the case. He could assure the House the Government would watch anxiously and vigilantly the effect which any of their operations would have in withdrawing from the banking institutions and commercial interests of the country that capital which was needed to carry on their operations. There had been very little withdrawn as yet. Very little of the money invested in Dominion stock could be looked upon as so withdrawn, and the small savings deposited in savings banks would have lain idle and unproductive if not so invested. The insurance deposits would not be withdrawn from the commercial deposits of the country—on the contrary, the greater portion of them would come from abroad. He now came to explain the fiscal relations between the Dominion and the various Provinces. The debt of Nova Scotia on 1st July last was \$7,435,285, being \$564,715 less than the debt of eight millions with which it was entitled to enter the Union—but beyond this it was found that its obligations amounted to a very considerable sum in excess of the eight millions, being no less than \$1,292,545, making the total present debt of that Province \$9,292,545. Under the terms of the Union Act the Dominion became responsible for all the engagements of the Provinces, no matter whether they exceeded or not the amount of debt with which they entered the Union. To meet the engagements of Nova Scotia the Dominion had raised cash or otherwise provided a sum of \$3,019,628 since the first of July last. The receipts from that Province in the same time were \$1,159,288, showing excess of payments over receipts of \$661,933. (Hear, hear). He mentioned this not with any sectional object, but merely as a matter of account. The debt of New Brunswick at the time of the Union was \$5,923,422, leaving a balance of \$1,076,578, to make its quota of seven millions of debt with which it was entitled to enter the Union, but the estimated excess of its engagements beyond the seven millions which had to be provided for by the Dominion was \$792,719. It follows, therefore, that the amount altogether which the Dominion had to finance for to make good the obligation of that Province, was \$2,768,859, which had to be met in cash or at short dates, and was now in course of payment. The receipts from New Brunswick in the same time were \$760,668, which was the cash

on hand at the time of the Union, made a total of \$1,036,216 showing an excess of payment on behalf of the Province over the receipts of \$357,730. (Hear, hear.) The Dominion had thus to provide the means of meeting obligations on the part of these two Provinces to the amount of \$5,148,486. With regard to Ontario and Quebec, it was difficult for many reasons to state their precise position in regard to the debt, because the matter was now a subject of arbitration, and he had no doubt from the high character of the arbitrators that they would make a just and fair award. He paid a high compliment to the Treasurers of all the Provinces for the manner in which they had acted in harmony with the Finance Department for the adjustment of accounts. He then went on to refer to the estimates for the fiscal year 1868-'69, which had just been laid before the House. In dealing with these estimates, it was indispensably necessary to distinguish between ordinary and extraordinary expenditure. He had calculated everything which could by any possibility be included in ordinary expenditure, but beyond this there were works of a permanent character going on in various parts of the Dominion, payment for which could not be made out of current funds, but must be met by loan, and these he had put down as extraordinary expenditure, under the head of Capital Account. It would be seen by the estimates that the anticipated expenditure for 1868-'69, on ordinary account, was \$13,836,644. He proposed to add to that, but he did not propose to take a vote for it, the sum of \$154,516, making a possible total expenditure, on ordinary account, of \$14,041,161. This sum of \$154,516, for which a vote however would not be asked, represented interest on possible outlay on the Intercolonial Railroad and on fortifications. He estimated operations on Intercolonial would extend over four years, and on fortifications five years. He had, therefore, estimated a possible expenditure on these works this year running over a period of six months, say one-eighth of the total expenditure on the Intercolonial, and one-tenth on fortifications, making altogether a capital sum the interest upon which he had just mentioned. And when the House came to consider the Ways and Means he would propose that the Government should be placed in a position to provide for any possible expenditure that might become necessary. In addition to this what he termed ordinary expenditure, there would have to be met by loans on accounts of

[Mr. Rose (Huntingdon).]

public works, railways and other operations now going on, the sum of \$2,456,000. With reference to the amount of the Department, there was a portion of it for which they would not be called on to make provision, as it would be met by the sinking fund. It amounted to \$683,767. The remainder, \$874,500, would be met by seven per cent bonds, and these two items found the \$1,500,000 required for redemption. It was further estimated that there would be an expenditure on capital account for the Intercolonial Railroad on the principle he had just mentioned. The total work, he estimated, would extend over a period of four years, and the six months' operation of 1868-69 would be, on these two accounts, \$968,666. This amount of course had to be raised by loans. With regard to the rate of interest, he thought the House would feel it to be a liberal one. There was little doubt but with the Imperial guarantee they would be able to raise part of the money at four per cent, and with the addition of their own guarantee the balance might be raised at five per cent. The estimates he had just submitted, could not undoubtedly be classed as large. He was by no means disposed to underrate the public burdens. He took it that in considering this question of expenditure, it became their duty to see that they restricted the ordinary expenditure of the Dominion within as narrow limits as possible. There must be no waste of the public money and he would now propose to state to the House that there were certain expenditures which it was impossible to reduce, such for instance as the interest on the public debt, the subsidies payable to the various Provinces, the seigniorial payments, accounts payable to the Indian fund, sum necessary for the post office and steamship service under contract, and for the maintenance of public works. All these were incapable of reduction and formed a total of 7 per cent of this whole expenditure. He would now mention items, with regard to which it was the desire of the Government to see whether it was not possible to reduce them. These included the expenditure for civil Government, for the administration of Justice, for the legislation of the House, Militia, Public Works, Customs and Excise, Miscellaneous, Immigration and Fisheries, involving an amount equal to 30 per cent of their whole expenditure. And with regard to these items, the Government had not been remiss in their efforts to reduce them as rapidly as possible, consistent with the due efficiency

of the public service. As a sample of what had been done by the Government in this direction he would mention the audit measure introduced last session, which he believed a truly important measure—one which proved that every shilling of the public moneys voted and not spent, on July 1st, should be put back into the Treasury, to be obtainable from thence only by a new vote. Then the new Civil Service Bill was also a step in the same direction, and so was the Bill with reference to Contingencies. Compared with the estimates of 1867-68, it would be seen that there was a considerable reduction this year. The Government thought they could see their way clearly to a reduction of between \$30,000 and \$40,000 under the provisions of the two Bills last mentioned. He now came to indicate the sources from which he proposed to derive revenue, and the principles which had guided the Government in the matter. Before proceeding further he desired to appeal to the forbearance and patriotism of members representing the various localities, he appealed to them not to ask at the hands of the Government, at the present time, appropriations for new works. Clearly it was of the best importance to the credit of the Dominion that they should not start with anything like a deficiency, but that their income should be more than sufficient to meet their expenditure. Another reason which the Government could not lose sight of in framing their taxation in the manner in which he was about to indicate was, that the duty of the present hour was the consolidation of the Union not to impose any burdens which were not pressingly necessary. They felt that every new tax was liable to be misrepresented and misunderstood, and as there were some portions of the Dominion not yet entirely reconciled to Union, he believed the policy which he had alluded to would commend itself to the country generally. This Government had also to bear in mind their position with relation to the United States. The Ministry were not insensible to the trying circumstances in which the country had been placed in consequence of the repeal of the Reciprocity Treaty and the unwise restrictive legislation adopted by the Americans. The Government could not lose sight of the fact that many of the great products of the Provinces had been prohibited from United States markets, and that in consequence the coal trade of Nova Scotia was languishing, men working but two or three days a week. The lumberers of this country too, had been almost prohibit-

ed by a high tariff from entering the American markets. Provincial grains and fisheries shared the same fate. All these considerations had been borne in mind by the Government; but they felt that anything like a retaliatory or restrictive policy at the present moment would not be conducive to the best interests of the country. (Hear, hear). The honourable gentleman alluded next to the recent removal of one of the great obstacles to a free intercourse between the Dominion and the United States, he meant the almost entire sweeping away of all the taxes on internal manufacture in the States. That indicated a desire on the part of the people of the United States to adopt a more liberal policy. Besides, the feeling of Congress appeared to be undergoing a change in favour of a renewal of reciprocity and the information that that body had caused to be procured and laid before them still further showed them the folly of the abolition of that treaty and the benefit flowing from unrestrained intercourse with the provinces. It was a matter of fact that the great gas interests in Boston, New York and the Atlantic cities were clamorous for a repeal of the duty on coal; and other large interests were also lamenting the pressure occasioned by the restrictive policy in force. The honourable gentleman went on to show that the exclusion of the products of Canada from United States markets had not been an unmitigated evil, inasmuch as in consequence of it the people of the provinces had been forced into other and more remunerative markets. One of these was the West Indies, and he believed firmly, as he stood there, that the splendid trade of that section might be grasped by the people of this country. The total trade of that section with the United States had reached \$34,400,000, and this trade consisted mainly of articles which the provinces produced and had for export. Without trespassing further on the time and attention of the House to explain the motives and policy of the Government, he would add that their desire was to make as few changes as possible, and that these should be in the direction of conciliating their friends in the Maritime Provinces, and also that they should not be such as further to restrict intercourse with the United States. He then referred to the tariff changes. He said Government intended to take the duty off flour, meal grain, corn and bread stuffs of all kinds. (Hear, hear). Also to take off tonnage dues for lighthouse purposes, and make a change in the duty on molasses in the shape of a reduction, and to

revive sugar duties, a class with which there was great difficulty in dealing, especially to meet the views of importers and refiners. Between these two arose great interest of encouraging direct trade with the West Indies. One of the great objections to the present tariff, was the inequality of its operation. It was a purely specific rate graduated according to a certain scale as near as possible to the English standard. In England, however, there were only four or five ports at which sugar was imported, and with experienced men at these, there was little difficulty in having the rate of duty collected exactly according to the number and quality of the sugar. The operation of specific duty there was comparatively easy, but the case was very different with the number of ports in the Dominion. Government, therefore, having due regard for the interest of consumer and purpose of revenue, came to the conclusion to recommend mixed *ad valorem*, and specific rate, viz., 25 per cent *ad valorem*, and 1 per cent per pound on all sugar above number 9 Dutch standard and 25 *ad valorem*, and $\frac{1}{2}$ of a cent per pound on sugars below No. 9 D.S. They also proposed to reduce molasses to 24 per cent *ad valorem*—Melado, 25 *ad valorem*, and $\frac{1}{2}$ of a cent specific duty on molasses for refining purposes, would remain as at present. The duty on which was to be 20 per cent, *ad valorem* and 10 cents per gallon, whether in bottle or wood; also 10 per cent *ad valorem* on beer and porter, in addition to specific duties now collected, and 5 per cent on some articles of iron. A small export duty would be imposed on pine logs and shingle boards. On animals there would be a specific duty instead of *ad valorem* as at present, there would be \$15 on horses, \$10 on cattle, \$2 on swine, and \$1 on sheep. It is also proposed in the way of excise to impose a small additional rate on spirits equivalent to remission on corn. It is also proposed to place excise duty of 5 cents per barrel on refined petroleum, all of which would be subjected to inspection. Instead of permitting articles such as tea, coffee, wine, etc., to be imported free for the use of Her Majesty's troops; an equivalent money payment was provided for in the estimates, considerable difficulty and abuse having arisen from this cause. And went on to say the condition of the trade of the country was a subject upon which Government had bestowed much consideration, in estimating the probable revenue for 1868-69, and the conclusion at which they came was that it would not be safe to calculate upon a larger revenue than during the

past year. The estimated revenue was—from customs, \$9,100,000; excise, including duty on petroleum, \$3,540,000; miscellaneous, \$2,500,000; total revenue, \$15,140,000, against a total estimated ordinary expenditure of \$14,042,161, showing a surplus of \$1,071,839. He did not consider this an over-estimate. If the country enjoyed average prosperity, he had no reason to doubt that this amount of revenue would fall short. He had used the term "ordinary expenditure as distinguished from "extraordinary". Under extraordinary expenditure he included the sum of \$348,700 to be spent in Ontario and Quebec; Nova Scotia railways, lighthouses, etc., \$690,000; New Brunswick railways, lighthouses, etc., \$1,237,000; Intercolonial Railway, \$180,300—making a total to the capital account of \$2,456,000, to which might be added two sums on account of redemption of public debt, amounting to \$1,618,267. This was exclusive of fortifications. The honourable gentleman then went on to speak of the effect of the proposed changes in the tariff on the revenue.

After recess,

Hon. Mr. Rose resumed. He said he felt his work would be only half performed if he did not say a few words with reference to the future he had indicated, and the state of their existing obligations. The necessity for constructing the Intercolonial Railway was acknowledged on all hands. Without it there could have been no Union, and therefore regarding that expenditure no observation would be necessary, and in considering their relations with other countries much needed not to be said as to the duty of taking their fair share towards the defence of the Dominion, and doing that without which all their expenditure for militia purposes would have been rendered useless. He would therefore proceed at once to state the extreme limit of the annual charge for the Intercolonial Railroad and for fortifications. The gross amount of outlay for the Intercolonial Railway, for fortifications and for the sinking fund would be for the first year, \$309,033; the second year it might be assumed at \$618,066; third year, \$927,100; fourth year, \$1,236,133; fifth year, \$1,289,666. This last year the maximum annual charge both for interest and sinking fund had been reached, there would be provided a sinking fund of 1 per cent to provide repayment of the debt in a given number of years, and in 38 or 41 years,

according as the sinking fund was invested at 5 or 6 per cent, the debt would be extinguished. To show that without further undue pressure on the resources of the country, the required amount could be raised. The honourable gentleman referred to the past history of the Provinces, showing that for eight or ten years past there had been a steady increase of the Provinces in population and wealth. During the last nine years the importance of Canada proper increased upwards of 81 per cent, exports 94 per cent; and a similarly cheering progress, though not to such a great extent, had been made by the Maritime Provinces in the period. There was no reason to doubt this progressive increase would obtain in the future as in the past. In the exports of agricultural products, of the products of the forest, of animals and their products, and of manufactures, there had been a corresponding large increase, showing very large expansion of the productive powers of the country. Then, too, the means of carrying the foreign trade of the country had largely increased, inward and outward tonnage having increased to an enormous extent. He gave detailed figures to show the increase that had taken place under these heads, and also the increase of population in the several Provinces together with increase in commercial progress and wealth as shown by expansion of banking capital employed in the country, and amount deposited in banking institutions, all of which afforded evidence of the steady and gratifying progress of the country, and a cheering indication of a prosperous future before us. If we worked together in harmony, if we cemented this Union, if we developed the resources of all the Provinces, there could be no doubt as to what was in store for us in the future. He was not an enthusiast, but he could say that with our vast resources remaining to be developed, and with a hardy, thrifty and energetic population, no more certain prospect was ever enjoyed by any country, if we only did our duty. (Hear, hear). He did not allude to these satisfactory features of our position in order to offer any encouragement to extravagant expenditure. On the contrary, he thought whatever Government might be in power, the people would demand a careful and economical administration of public affairs. He thought the present Government could not fairly be accused of any other than a desire to confine expenditure within the smallest

possible limits, and to promote by every means in its power the public wealth. (Hear). He then referred to statements often made respecting the load of debt this country had to support, and pointed out that the people of New Zealand had \$6 per head; Queensland \$4.97. New South Wales, \$3.21; Victoria, \$2.88; South Australia, \$2.16; Tasmania, \$1.51; while in Canada it was only \$1.12½. He also compared the amount of taxation here and in New York State, arguing that figures elicited by the Finance Committee of the Albany Convention, that State's taxation there was \$45 a year per head as against \$5 in Canada, and proportion of national debt, \$158 as against \$28 in Canada. The honourable gentleman concluded by an appeal to Nova Scotia members. The policy of the Government had been framed with a view to remove any injustice that Province may have suffered, and he trusted that policy would convince them that their interests would be regarded and that their voice and their remonstrances would be heard in that House. In the last words of one who had passed from them, they would shape their policy with the view to conquer them with kindness. (Cheers).

Mr. Connell said he was satisfied the policy announced by the Minister of Finance would have the support of the House and would commend itself to the people of the Dominion. He called attention to the item in the estimates for departmental salaries and contingencies and to the fact that particular salaries were not mentioned.

Hon. Mr. Rose said the estimate for that item was based upon existing salaries which had all been given in the last estimates. He had brought down the item in this way to enable Government to effect reductions. The estimate for this item last year was \$580,533, but on account of the reductions lately made in the contingent expenses he would only ask a vote of \$550,000.

Sir G. E. Cartier then at some length repeated in French the main features of the statement of the Minister of Finance.

Hon. Mr. Holton made some general remarks on the statement submitted by the Finance Minister. The honourable gentleman claimed that there would be a surplus at the end of the financial years 1867-68, but it was evident from his explanations that he had

increased the funded debt more than he had decreased the unfunded debt. This increase had gone to meet the ordinary expenses of country, and therefore the surplus on which he congratulated the House could have no real existence. Referring to the remarks of the Finance Minister about the indebtedness of the several provinces, he could not understand how the representatives of Nova Scotia who took part in framing the Union Act could have been so utterly out of their reckoning as the statement of the Finance Minister to-night showed that they had been. It appeared that the debt of Nova Scotia was already largely in excess of what she was permitted to take into the Union, and this excess must go in abatement of her subsidy and diminish pro rata her resources for the ordinary purposes of Government. The same was true also, though not to the same extent, with reference to New Brunswick. Mr. Holton proceeded to express his regret that the Finance Minister should have adhered to the old fallacy of distinguishing between ordinary and extraordinary expenditure under cover of which for 7 or 8 years, the late Minister of Finance had left a large deficit at the end of each year's operations. The honourable gentleman had said a good deal about the advantages of establishing a West India trade. He (Mr. Holton) was in the highest degree favourable to developing our inland navigation; but he could not conceal from himself that the St. Lawrence was not the direct route. He doubted whether it was a practicable route from our inland lakes to the tropics.

EXCISE DUTIES

On motion of Hon. Mr. Howland the House resolved itself into Committee of Ways and Means, the Hon. Col. Gray in the Chair.

Hon. Mr. Howland then moved the adoption of the following resolutions:

1st. That it is expedient to impose an Excise Duty of three cents per gallon on all spirits manufactured in Canada, in addition to the Excise Duties now imposed thereon.

2nd. That it is expedient to impose an Excise Duty of five cents per gallon on all petroleum and coal oil manufactured in Canada.

3rd. That it is expedient to provide for the inspection of all petroleum and coal oil manufactured in or imported into Canada, and for the forfeiture of all such as may be offered for sale without having been inspected, and to impose thereon an inspection fee of

[Mr. Holton (Chateauguay).]

twenty cents for each and every barrel, cask, or package so inspected.

4th. That it is expedient to provide that no person shall carry on the business of refining petroleum or coal oil without a license for which a sum of fifty dollars shall be paid; such license to be renewed annually.

5th. That the first and second of the foregoing resolutions shall take effect immediately on the passing thereof, and that the third and fourth shall take effect on and after the first day of July next.

The Hon. Minister of Inland Revenue briefly explained the effect of the resolutions, and the reasons which had led the Government to introduce them.

Mr. Mackenzie objected to several points in the resolutions. He contended that the inspection fee of 20 cents per barrel was altogether too much. The oil ought to be measured in the tanks, by which the expense would be much reduced, and the inspection could be as safely done in this way as in the barrel, as the officer could know exactly how many barrels were in a tank.

Hon. Mr. Howland, in reply, explained that it was not intended that the excise should apply to stock on hand; and with respect to the duty representations had been made to the Government, asking them to impose a much higher rate of excise. Some had recommended as high a rate as twenty cents per gallon, but the Government had fixed what they believed was a fair rate, seeing that it was not intended to change the import duty on petroleum.

A conversational discussion then ensued between Messrs. Mackenzie and Howland.

Hon. Mr. Holton called attention to the fact that the day on which the first and second resolutions should take effect was not mentioned.

Hon. Mr. Howland thereupon struck out the word "immediately" from the said resolution and inserted instead thereof "on and from the 29th April, 1868."

Hon. Mr. Tilley then called the attention of the Committee to the proposed changes in the tariff, already explained by the Minister of Finance. The change in the duty on wines really admitted the cheap French wines in bottle at a lower rate than formerly, though on the whole increasing the duty on wines of all grades by thirty-five thousand dollars. He