

The correspondence between himself (Sir George) and Mr. Punshon was also included (hear, hear).

Hon. Sir GEO. E. CARTIER moved that every Wednesday during the remainder of the session be a Government day.—Carried.

A Bill from the Senate respecting Manitoba was read a first time.

The House then went into Committee of Ways and Means.

Mr. HOLTON suggested that the Finance Minister should make his statement with the Speaker in the Chair (hear, hear).

THE BUDGET.

Hon. Sir FRANCIS HINCKS, in rising to make his financial statement, moved that the Speaker leave the chair. He said I am deeply sensible, sir, of the importance of the duty which devolves upon me on this occasion, and as I am fully conscious of my inability to discharge this duty in a manner satisfactory to myself, I can hardly hope to be able to discharge it with satisfaction to the members of this House. I therefore feel it necessary to throw myself upon their indulgence, assuring them I will do everything in my power to place before this House and the country a statement of the exact financial position of the Dominion. I regret very much that some important members of the House are absent on this occasion, because a great deal of discussion took place during the recess upon the subject of the finances, and by some of those gentlemen statements were made, calculated in my humble opinion, seriously to alarm the people of the country with regard to its financial state; and I felt it my duty myself to take an early opportunity, almost the only opportunity that I had during the recess—of affirming that those statements were grossly incorrect, and of pledging myself that, if I lived to meet one hon. gentleman (not now here) in Parliament, I should expose the misstatements he had made on this subject. Now, during the recess, at a large public meeting which was held in a western county, it was affirmed that it was impossible for any man to take up the public accounts and ascertain the amount of the debt; that the Government knew there was an annual deficit, and that if they imposed taxation to the extent necessary to meet the public requirements they would be called to account, and that therefore they sought to hide the true state of affairs. And it was said, in addition, that on this ground there existed a reason or motive on the part of the Government for framing the Insurance Bill passed in 1868, and

that the effect of it was to place \$4,460,429 in the hands of the Government, which represented a large increase of the public debt from that source. I felt it my duty to endeavor, when the public accounts for last year were presented, to have a statement carefully compiled, showing the exact state of the public debt, at the time of the Union on the 1st July, 1867, and also at the period of 1870. This statement has been some time in the hands of hon. members, and it will be seen from it, that, so far from it being correct as to a great increase of the public debt, the total increase of the debt since Confederation has been but \$2,481,101.71, while there has been, during the same period, an expenditure on account of public works, chargeable to capital account, of \$4,759,335.08, leaving a capital expenditure for the three years of \$2,278,234.79. I think this is a very satisfactory state of things. (Cheers) In order to remove all possible ground of exception to this statement—because we have had discussions during last session about the manner in which certain items were charged to capital account of public works—I would throw over the public works altogether, the ordinary public works, although it was expressly understood they were to be so charged. Authority was given to borrow money for the completion of those public works. However, I will dispense with them, and confine myself to two particular items, about which there can be no possibility of doubt. There was an expenditure upon the Intercolonial Railway of \$1,778,450, and upon the acquisition and opening up of the North West, specially provided for by loans, and which expenditure amounted on the 30th June to \$1,828,877, making together a total of \$3,607,327. But the aggregate increase of the debt was but \$2,267,234. A great deal was said on the subject of the Insurance Companies' deposits. The most sinister motives on this subject were attributed to the Government. It was asserted the deposits or guarantees were not exacted for the protection of the public so much as for the obtainment of money by the Government.

Hon. Mr. HOLTON—Hear, hear.

Hon. Sir F. HINCKS—I believe that at present very few have any reason to think so, or that it was other than a most desirable thing that in the interest of the country there should have been this protection to policy-holders provided by the Act, more especially as regards foreign Insurance Companies. I only refer to this matter at present because it has been so prominently raised. It was stated in that speech to which I have referred, delivered in the West, and, doubtless to the belief of

every hearer—because there was nothing but cheers and laughter throughout the address—that Government had got hold of all the money required by the Act, amounting to \$4,460,429, while it appeared by the last return, made up to that time, that the total the Government had received was but \$1,837,000. This is the sort of accuracy that characterised the statements of that speech. (Cheers.) I frankly admit that four millions is the amount the Insurance Companies have deposited, but a great portion of their securities are in British Consols, United States securities, and Government debentures of various kinds, all of which produced no effect upon the public debt; so that the amount I have already given (\$1,837,000) is the amount actually paid into the Government and invested in Dominion stock. A similar erroneous statement was made with regard to the Savings Bank. It was alleged the Post Office Savings Banks gave the Government \$2,387,650, whereas they yielded but \$1,859,000. An old story was, on the occasion I refer to, raked up in relation to the Intercolonial Railway Loan. It was asserted the money (\$6,575,410) intended for the building of the road was diverted to Government uses. The same remark applied, it was said, to the Great Western Railway Bonds. This subject of the Intercolonial Railway has been so often discussed, so much has been made of it, that it may not be uninteresting, after all that has taken place to explain the state of the matter. As to the Imperial Loan, the people in England were led to believe that the money had actually been taken to build the edifices in which we are now sitting. All sorts of stories were told on this subject, while the fact is the whole amount of the Imperial Loan is bearing interest and on deposit in the Bank ready for use when required for railroad purposes. (Cheers.) The whole amount of the Exchequer Bonds,—those wonderful bonds,—which at one time was represented at \$6,600,000, is only 339,660, which will be paid out as the Intercolonial Railway advances. I think the honorable gentleman who preceded me in office adopted a wise policy when he paid our debts, some of which bore six and some seven per cent. interest, with money borrowed so cheaply, and knowing perfectly that, long before it was wanted, it would come back from sources about which there was no doubt whatever. Some of these sources are those to which reference has been made now—the Savings Banks, Insurance Deposits, and Great Western Railway Bonds—all of which it was quite certain would be realised in due

course. To have allowed this money to have remained, as it was contended by hon. gentlemen of the Opposition it should have, at an interest of $1\frac{1}{2}$ to 2 per cent. in London, instead of paying with it debts carrying a high rate of interest, would have been, in my opinion, a most mistaken policy. (Cheers.) But the public debt was not the only subject which engaged the attention of the meeting to which I have referred. There was a serious charge made with regard to the Civil Service—namely: that there has been an increase of nearly \$70,000 in two years, owing to the naturally bad system of government that existed under the coalition. The statement as to this extraordinary increase was a total mistake. One cause of the error—because I will not suppose any intentional misrepresentation was made—was taking the actual expenditure in one year and comparing it with the estimate in another year. I cannot better show the fallacy of such a mode of calculation than by merely adverting to the fact that in the very last year the estimate for Civil Government was \$701,051.66, whereas the expenditure was \$620,348.73, showing a reduction of \$80,702.93. There are many items comprised under the head Civil Service, and unless a just comparison is made it is impossible to arrive at a satisfactory result. I am not going to deny there has been an increase in the Civil Service outlay. I do not want to shrink from the admission of the fact, nor from the defence of this increase. It is utterly impossible in a country like this, whose business is developing at such a rate, to avoid this increase. I will take for instance, the Department in which the greatest increase, I believe has taken place—namely, the Post Office Department. Not only has there been a very great addition to the work in this Department, through the new Post Office Savings Banks' system, which alone is a very important addition, but there has been no less, since Confederation, than ten per cent. of new post offices added to the service. In the Post Office service the increase of expenditure rose from \$41,000 in 1866-7 to \$52,000. This is the Department where the greatest augmentation has taken place. But is it possible, in a Department where such an immense increase of business and revenue appears as in the Inland Revenue Department and the Customs, which have augmented at a most extraordinary rate, and are still augmenting, that they could go on with the same old limited staff? (Cheers.) Then there is another Department which has shown a very large increase of business—I mean the Agricultural—with its labors in regard

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to patents. (Hear, hear.) It is therefore not at all surprising there should be a trifling increase in the expenses in connection with these branches of the service, which I am sure will be found not to have proved in any sense excessive. (Cheers.)

I referred last year, sir, to the very satisfactory position of this country as compared with that of other countries—our immediate neighbors to the south of us, and the Mother country,—both with regard to the rate of taxation and the amount of debt. I will not trouble the House by going any further into that matter now, but there is one point which I think is deserving of attention, in reference to the position of the country, and that is that Canada has in the last year, with regard to its business transactions with the Mother Country, risen from the rank of No. 11 in the list to that of No. 8.

Hon. Sir GEO. E. CARTIER—Hear, hear.

Hon. Sir FRANCIS HINCKS—The exports to Canada exceed those to Russia, China, Brazil, and Turkey, all countries having a very large trade with Great Britain. But there is a very important fact in connection with this, which should not be lost sight of, that there is no country which trades with England that receives from her so large a proportion of her goods as Canada in proportion to her population. (Cheers.) I have ascertained from statistics that the United States with forty millions of people, took during the last nine months, the returns of which I have been able to get, £20,000,000 worth of goods, being at the rate of ten shillings per head of the population. During the same period, Canada with four million of people, took £6,000,000 worth, being at the rate of £1 10s. per head, or exactly three times as much for our population as the United States. (Cheers.)

Hon. Sir GEO. E. CARTIER—Each of us worth three Americans. (Laughter.)

Hon. Sir FRANCIS HINCKS—When you look to other lands which are put down as being the great countries with which there is trade, British India, for instance, which stands very high after the United States, the difference is even greater. It must be remembered that British India has a population of 155,000,000, and, therefore, the exports to that country amount to about two shillings per head. Russia receives 1s. 6d. per head; Germany, which also stands very high in the list, about eight shillings per head; so that we have the satisfaction of knowing that this country is the one, which, in proportion to its population, carries on the most commerce of any country in the world. (Cheers.) This is a very satisfactory statement of our relations with the Mother Country. I

desire, sir, in reference to the public debt, before closing my remarks on that branch of the subject, to make some reference to a work which I have no doubt is familiar to nearly every member in this House, but which I am sure they cannot be too often reminded of in connection with this matter. I think it is important to call their attention to it at this moment, because the probability is, that at no distant day, looking at the state of public opinion, that works of considerable magnitude will be undertaken, and it is important that people should not be alarmed as to the state of the finances—that they should not be alarmed at a debt, which, considering the resources of the country, I own I do not look upon with the slightest apprehension. I wish, sir, to call attention to that celebrated passage in Macaulay's History of England, where a reference is made to the English debt. In describing the History of the period when that debt first originated, he refers in most eloquent terms to the state of public opinion at various times as to the public debt of the nation. He says:

“Such was the origin of that debt which has since become the greatest prodigy that ever perplexed the sagacity and confounded the pride of statesmen and philosophers. At every stage in the growth of that debt the nation has set up the same cry of anguish and despair. At every stage in the growth of that debt it has been seriously asserted by wise men that bankruptcy and ruin were at hand. Yet still the debt went on growing, and still bankruptcy and ruin were as remote as ever. . . . Not less gloomy was the view that George Grenville, a Minister eminently diligent and practical, took of our financial situation. The nation must, he conceived, sink under a debt of one hundred and fifty millions, unless a portion of the load were borne by the American colonies. The attempt to lay a portion of the load on the American Colonies produced another war. That war left us with an additional one hundred millions of debt, and without the colonies whose aid had been represented as indispensable. Again England was given over, and again the strange patient persisted in becoming stronger and more blooming in spite of all the diagnostics and prognostics of State physicians. As she had been visibly more prosperous with a debt of one hundred and fifty millions than with a debt of fifty millions, so she was visibly more prosperous with a debt of two hundred and fifty millions. Soon, however, the wars which sprang from the French Revolution, and which far exceeded in cost any that the world had ever seen, tasked the powers of public credit to the utmost.

When the world was again at rest, the funded debt of England amounted to eight hundred millions. If the most enlightened man had been told, in 1792, that in 1815, the interest on eight hundred millions would be duly paid to the day at the bank, he would have been as hard of belief as if he had been told that the Government would be in possession of the Lamp of Aladdin, or of the purse of Fortunatus The beggared, the bankrupt society not only proved able to meet all its obligations, but, while meeting those obligations grew richer and richer so fast, that the growth could almost be discovered by the eye. In every country we saw wastes recently turned into gardens; in every city we saw new streets and squares, and markets, more brilliant lamps, more abundant supplies of water in the suburbs of every great seat of industry; we saw villas multiplying fast each embosomed in its gay little paradise of lilacs and roses. While shallow politicians were repeating that the energies of the people were borne down by the weight of the public burdens, the first burden was performed by steam on a railway. Soon the island was intersected by railways. A sum exceeding the whole amount of the national debt at the end of the American war was, in a few years, voluntarily expended by this ruined people on viaducts, tunnels, embankments, bridges, stations and engines. Meanwhile, taxation was almost constantly becoming lighter and lighter, yet still the exchequer was full. It may be now affirmed without fear of contradiction that we find it as easy to pay the interest of eight hundred millions as our ancestors found it, a century ago, to pay the interest of eight millions."

He goes on:—"A long experience justifies us in believing that England may in the 20th century be better able to pay a debt of 1,600 millions than she is at the present time to bear her present load." Now, sir, have we nothing to show of a similar kind? Why, sir, I had a statement put into my hand the other day which I have not had an opportunity of verifying, but I have no doubt it is substantially correct and carefully prepared. It gives the following figures. In the year 1821, just a couple of years before I came to Canada, the population of the whole Home District was only 21,329, and the entire assessed value of property amounted to \$1,269,252. That district, sir, the capital of which was then Little York, with a population of 4,000, comprised York and Simcoe. At the present time that same division has the city of Toronto, three Ridings of York, two Ridings of Simcoe, two Ridings of Ontario and the County of Peel. The population in 1861 had risen from 21,329

to 218,000, and I dare say, in a few weeks, we will find that the increase during the past ten years had been in even a greater ratio. In 1861 the assessed value of property had risen from \$1,269,254 to the enormous extent of \$69,077,000—an amount not very far short of the whole amount of the Dominion debt. Well, sir, I think we find the country progressing in a very satisfactory manner. This is only one instance, and I believe almost as great progress has been made in other parts of Province of Ontario. I am sure there is no part of the Province of Ontario where one sees greater signs of improvement and progress than in the city of Montreal, (hear, hear). I have not had such an opportunity of judging of the increase in other parts of the country, but there is not the smallest doubt that the development of railways, added to our splendid water communications—that these have tended to make this country advance in a ratio which is not exceeded in any other country in the world. (Cheers). I have now, Sir, to come to the really important part of my duty, but having explained exactly, what the real increase of the debt is—that, in point of fact, although the debt has, apparently, increased very much, at the same time the assets have also very considerably increased, and that the real *bona fide* addition to the debt is, as I have said, something under \$2,500,000 since Confederation. I will now, Sir, come to the transactions of the year which has just closed, as shown by the public accounts. The estimates made by my predecessor of the revenue for that year was \$14,650,000, and he estimated there would be a surplus of about \$300,000. It has turned out that this estimate has been very largely exceeded, that the actual receipts were \$15,612,225, showing a surplus over the estimate of \$862,225. The expenditure, on the other hand, shows an apparent saving of \$544,593.54, but there is a sum of \$209,656.69 which should have been applied to the Sinking Fund of that year, but was not carried to the account during the year, and therefore, falls into the current year, so that that strictly speaking, ought to be deducted from that amount. There are also certain public works which were not constructed, and it is not fair to treat the money appropriated for them, but still unexpended, as a saving. The result of it is that the money is in the chest instead of being expended, and it is strictly speaking, saved, as the works will have to be constructed another year. By that means the actual expenditure was brought down to \$14,345,409.98. The actual receipts for the year having been \$15,612,225, there was, therefore, an excess of \$1,166,816, but from that is to

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be deducted a further sum. I would remind my honorable friend opposite, that great complaints were made last year, with reference to certain items in the public accounts. There were charges against the public works which, it was said, ought not to have been made against capital, but should have been charged against income. It very often happens that there is a good deal of difficulty in classifying these items under the head of public works, and I have been always sensible that there has been ground, at all events, for complaints on that score. I have, however, caused the sum of \$164,988.18 to be written off against Consolidated Fund—or to be taken from capital account and transferred to income on account since the accounts were published. If any hon. gentleman has got the public accounts, I could at once refer him to the place. It will be found at page 177 of the Public Accounts. There are a number of items, such as stores in excess of issues since June, 1870, amounting to \$36,152.66, another amount on the Parliamentary Departmental Buildings in Ottawa,—that account has always been treated as capital account in consequence of the buildings themselves having been constructed on capital account—but still there are several items in that such as care of grounds, payment of clerks, &c. The aggregate amount is \$39,921.19; and there is another item of the various charges connected with the Welland and Cornwall canals of \$88,914 33. Those items have all been carried to capital account in reduction of that amount; but it is satisfactory to know that there is really an actual surplus of nearly \$1,000,000 on the transactions of the year. I desire to call attention to the manner in which that surplus has been attained, and how our Estimates were at fault. In that year there was an excess of revenue over the preceding year, in the articles of sugar and molasses alone, of \$371,000. Tea was in excess, \$224,000; brandy, gin, and spirits, \$135,000; wine, \$40,000; iron and hardware, \$35,000;—the total being \$905,000. There was, also, an increase in Excise of \$909,594. (Hear, hear.) In this way we got, then, a large surplus for the year 1870. I shall now come to the current year. The estimates for the year—the original estimates I made last year were \$8,600,000 for Customs; to that we added \$950,000 as an estimate for the new duties, giving an aggregate of \$9,550,000. According to our present estimates, we believe that the Customs Revenue for the current year will reach \$10,500,000, giving an excess over our estimates of \$850,000. Here, again, I will call attention to the articles in which this increase has taken place. I stated, the articles on which the

great increase took place in the previous year 1869 and 1870. During that year, there was no material increase, in fact, I am not sure there was any in the great staple articles of cotton and woollens, from which a very large revenue is derived; they were about the same as the previous year. But during the past half year, we find there has been an increase in a number of articles—nearly all staple articles—of import, of which some of the articles to which I have referred, bear a very small part. But there is no material increase in the tea duty; in the sugar duty there is an increase of \$61,000, in brandy there is an increase over the previous year of \$33,000; gin, \$45,000; wine, \$30,000; cigars, \$22,000. There is also a very considerable increase during this current year, on some other articles—namely, on woollens, \$261,000; on cottons, \$126,000; on silks \$63,000. There is, also, an increase on many other items, making altogether an increase of \$858,000 in the first six months. (Hear, hear.) In Customs there will be a very considerable increase beyond what we anticipated. The Excise will give \$775,000 above the estimate. The estimate on spirits was \$2,375,000, we expect \$2,750,000. We expect from malt, \$250,000; and tobacco, \$630,000; and we also anticipate an increase from petroleum. We expect \$4,200,000 from Excise, giving us a surplus above the estimates of \$775,000. I expect to get \$25,000 from stamps, and smaller sums from miscellaneous items, with which I need not now occupy the attention of the House. The total result will be to give us a revenue during the year of \$17,360,000. In the estimates for the year \$15,000,000 is the sum stated to be needed, but there are some items to be added. For instance, the sinking fund of the previous year, which falls due the present year, though it does not belong to this year. Some balances will also be carried forward. For frontier expenses, the sum of \$119,000 will have to be added. The total sum therefore would be \$15,588,927, as the aggregate estimate. I may here state, that there is some addition to the subsidies in consequences of the new Province of Manitoba being brought into the Dominion, and also a charge in connection with the silver, both of which will amount to \$311,616; so that the aggregate estimate we calculate may reach \$15,900,543. There may yet be some saving. I find there is an estimated saving in the Militia of \$295,000; but against that I am rather inclined to think that the Minister of Militia has a supplementary estimate.

Hon. Mr. HOLTON.—Hear, hear.

Hon. Sir F. HINCKS.—This supplementary estimate will more than absorb that

amount. But still there is a saving on the Militia Estimates of last session. The estimates for premium and discount will be reduced by \$10,000; nearly all the exchange bought the present year being under par. There has been a saving in miscellaneous items under the head of "unforeseen expenses." In the charges for Public Works, we expect to save \$75,000; altogether we anticipate a saving of \$433,470; which will leave us an annual expenditure for this year of \$15,467,373. That, deducted from the estimated revenue, as taken from the best information, will leave us a surplus of \$1,892,627 for the current year; from that we will have to deduct anything that may be voted by Parliament for the services of the current year. I have now to approach the year that is to come—the year ending the 30th of June, 1872. In the estimates which have been submitted, it will be found that the aggregate amount, including what is provided by permanent acts is \$25,682,060. Of that sum, \$7,846,900 belong to Public Works, chargeable against capital—such as the Intercolonial Railway. Deducting that sum for Public Works there will remain \$17,835,472; and from that two deductions are to be made—one the amount of redemption of debt to the amount of \$1,040,000, which will be redeemed during the year. There is, besides a re-vote of \$400,000, for the North West, which, of course, is already provided for by the Act, as a charge on capital. The aggregate of these is \$1,440,000, leaving the estimates at \$16,394,000. That is a large estimate, certainly, and it is in excess of what it has been usual to bring down. Therefore it is desirable to call attention to the leading items in it, which have an unusual character. In the first place, there is a large item for the taking of the census, an item of \$360,000. Then there is a special amount required for the purposes of the Militia—the sum of \$276,000—not for ordinary militia services, but for the purchase of various arms, under an arrangement of a very desirable kind, made with the Imperial Government. There is another item which is of quite an unusual character, though it will have to appear in the estimates—the item of \$50,000 for a boundary survey between the Province of Manitoba—on the North West—and the United States. There has been a dispute about this boundary, and a proposition was made to the Imperial Government with reference to having a new survey by a joint commission and a joint charge. The Imperial Government, under all the circumstances, considering the independent, or semi-independent state, we have become, has dealt with us in a very fair spirit. They have proposed, in ac-

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cepting the proposition of the United States, for a joint survey, to pay one-half of the British share of the expenses if we paid the other. Under the circumstances, this was a reasonable proposition. We are interested in the matter, and cannot complain. The Public Works—chargeable against income—are considerably in excess of what is the usual charge. This is necessary, from the construction of several public works, which are urgently demanded. The works are of urgent necessity, and trust will, when the time comes, commend themselves to the favorable consideration of the House. These items, which are quite exceptional, amount to \$1,186,000 in the aggregate. The question now is, what is our position with regard to ways and means. I estimate that our revenue will be from Customs \$10,000,000; inland revenue \$4,300,000; Post office \$500,000; Public Works, 1,000,000; Stamps \$100,000; miscellaneous, \$850,000; and, taken together the aggregate will be \$16,810,000. I have reason to believe, however, that there will be a supplementary estimate which will add something to our expenditure—about \$300,000. My hon. friend beside me (Hon. Mr. Morris) has a measure to bring forward—a new system of weights and measures, the introduction of which system will cost about \$50,000. There are some other matters connected with the Public Works, which we shall have to deal with; and we have some items to put on yet, which will swell the amount. Still, there will be, in the amount of estimated revenue, a surplus of \$300,000. I think, sir, that the statement I have made with regard to the actual results of the operations of the last two years, and my anticipations of the year to come, are very satisfactory; and possibly there are many Members who think they will justify a much larger reduction of taxation than the Government feel justified in proposing. It may, perhaps, seem hardly regular to consider those points before going into Committee of Ways and Means, still I may mention what we propose to do with regard to taxation. It will not be found that there is anything very serious contemplated. I dare say there will be some disappointment expressed by certain Members when they find that their particular hobbies are not likely to be realized. But I trust I shall be able to give reasons that will satisfy even those Members, that at the present time, it is not expedient to adopt the course which a great many are anxious we should adopt. I am anxious, before touching on that subject, to state what the Government are prepared to propose.

The very first step to be expected from the Government in making a reduction in

the duties, would be the removal of the additional five per cent. on all duties imposed last session. Then the next step that would naturally engage our consideration would be those duties to which so much opposition was made last session; I refer to the duties on coal and flour. But I feel quite sure that the House will consider with me that this is not a suitable time for dealing with that question (hear, hear). I think a more unfortunate time could not be selected for taking up that question. At present, as we all know, negotiations are going on at Washington, and it is not improbable that this very question of duties, of commercial relations between the two countries, will receive consideration at the hands of the Commissioners. I, therefore, think that alone, if no other reason could be offered, is sufficient to prevent the Government taking up that subject at the present time. It is not on account of the great amount of revenue to be derived from these articles that the Government desire to postpone the consideration of the removal of those duties, because really and truly if the Government felt it advisable at present to deal with that particular question, the consideration of revenue would not be a serious one. But we may be told "if you are not prepared to deal with those duties, why refuse to reduce the duty on other articles?" Well, I do not think it expedient to do so in the face of the probable large demands which will be made upon us for the construction of great public works, although the subject of constructing these great works has not yet engaged the consideration of Parliament, it cannot be doubted that some of them at least will have to be undertaken. I do not think that it will be contended that the taxation now levied on the people is causing any public inconvenience, or that any serious complaints are being made respecting it—passing over the particular question with regard to the coal and flour duties, respecting which I admit there is a considerable amount of dissatisfaction. That being the case, and looking to the future when we shall have to go into the market to borrow money to meet the large expenditure which we will, no doubt, have to incur before very long, we thought it advisable to keep up the revenue so that the credit of the country might be increased, and we might be able to borrow upon more favorable terms than we otherwise could. I believe, therefore, that it will be found a great deal more advisable to avoid taking off any other duties, and more especially as it is within the bounds of possibility and even of probability that the duties on coal and flour will be taken off.

There has been a constant demand by many members of this House, and by various sections of the people for a reduction of the duties upon various articles which are either raw materials, or *quasi* raw materials entering into the manufactures of the country. I think it is sound policy to aid these manufactures in every possible way, and that it is exceedingly desirable to add these articles to the free list. These applications are frequent and they are made very often during the recess of Parliament. We propose to ask Parliament to empower the Governor in Council from time to time to transfer to the free list articles which are used as materials in Canadian manufactures. Of course a list of the articles thus transferred to the free list by Orders in Council will be laid before Parliament within fifteen days of the opening of the next session. I think the House may fairly trust the Government with that power, believing that it will be exercised with discretion, and I feel sure it is a proposition that will meet with general satisfaction. There then was some difficulty with respect to machinery. For a long time machinery was admitted free of duty, but last session we again placed it in the 15 per cent. list. A great many applications are continually being made to us upon this subject. On the one hand it seems a very unreasonable thing that Canadian machinists should be subjected to a duty upon the various articles which they import and use in their manufactures, and at the same time the machinery which they make comes in free of duty. That seems to be very objectionable. On that ground we proposed last session to put machinery on the 15 per cent. list. But it has been represented, and there is no doubt of the fact, that it is sometimes very important that machinery, which is not and cannot be manufactured in this country, should be admitted free. We propose, therefore, to ask Parliament to authorize the Governor in Council to admit free of duty any machinery on satisfactory evidence, that like machinery is not manufactured in this country. Of course any provisions under that head would also be submitted to Parliament within fifteen days after the opening of the session. It will be necessary to provide for the extension of the customs duties which were authorized to be levied in the Province of Manitoba to the whole of the North-West Territory. There is but one other item at all affecting, I can hardly say the revenue, but the commerce of the country, to which I will very briefly refer. Very strong representations have been made to the Government from time to time within the last two or three years with regard to the necessity of taking some

steps to prevent the destruction of hemlock trees which has been going on. In relation to this matter I may just read a statement of facts as set forth in a petition to the Governor in Council, and I may add that enquiry has been made, and reliable persons have assured us that these statements are substantially true:—"Within a few years a swarm of speculators have carried on to a very large extent the trade of exporting bark to the United States, thus stripping our forests of all the hemlock to an alarming extent. Large quantities of well timbered hemlock lands have fallen into the hands of speculators, who, after taking all the bark, leave the same with the timber rotten and totally unfit for actual settlement. Trespassers, also, for the sake of gain, enter upon unoccupied lands belonging to the Crown and to individuals and destroy all the hemlock timber." Now, there is an extract from this hemlock bark, which is exported to the United States. The United States Government, no doubt very wisely, looking entirely to their own interests, have imposed a pretty smart duty upon this extract, that is, manufactured in this country, but admit hemlock bark duty free. We propose to counter-check this action on their part by putting a duty of \$1.50 a cord upon hemlock bark. This is not a question really affecting the revenue; we neither hope nor expect to get any revenue in this way, nor do we desire it. But it is very undesirable that our hemlock trees should be all cut down and the bark sent out of the country. I may say that while the representations on this subject chiefly came from the Eastern Townships, we received some representations to the same effect from the Province of Ontario. Under these circumstances the Government considered the matter, and having reason to believe the truth of the representations, they thought it their duty at all events to enable the House to decide upon it. It is not a matter that they take any very warm interest in. They believe it is right to make the proposition, and they leave it to the House to deal with it as it may see fit.

These, sir, comprise the statements

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which I think it necessary to make, and have only in conclusion to thank the House very sincerely for the attention they have given to me (cheers).

Hon. Sir F. HINCKS rose to reply to the speaker who followed his budget speech, including Sir A. T. Galt, Mr. Cartwright, and others. He said—Before I make a few remarks on the speech of the hon. member for Sherbrooke, I wish to say a few words in reply to the remarks of the last speaker, the hon. member for North Oxford (Mr. Oliver), on the question of the public debt. The hon. gentleman surely has got a statement before him of the exact state and particulars of the debt and assets, and he must see that everything is stated there clearly from Confederation down to the last fiscal year, and that the debt has not increased more than the amount actually set down. In fact, it is evident there has been a very considerable saving, as I showed in my former remarks—that the increase of debt from 1867 has been \$2,481,101. I have shown that the expenditure from capital in purchasing and opening the North-West, and in connection with the Intercolonial Railway, has been \$3,609,337 (cheers). With regard to the course of the hon. member for Sherbrooke, I think it has been most unusual; and nothing has been more extraordinary in relation to the proceedings of this evening than the course taken by the member for Chateauguay, who has been sitting silently during the discussion, but who commenced it by proposing to me, as a matter of convenience to the House, that this discussion should be entered upon with you, sir, in the chair, instead of going into Committee of Ways and Means, as usual. Whether the hon. gentleman knew that the hon. member for Sherbrooke was going to propose a motion equivalent to one of want of confidence, I am unable to say. All I do know is, that I would rather occupy the position of the Government than the position of those hon. gentlemen in taking this course (cheers and counter cheers). The hon. member for Sherbrooke took a great deal of credit to himself for his tariff of 1866, and in referring to the

fact that no substantial alteration has been made in that tariff, he said, in some respects there had been a departure from sound principles. Of course I understand why he shrank from naming the particular points that constituted a departure from the sound principle in question—and if the remark had come from the member for Lambton or the member for Chateaugay, I might have admitted it bore an air of consistency, because they no doubt would have condemned everything like a duty on articles of food. But not only did the member for Sherbrooke impose a duty upon such articles as fish and oils, but on lard, tallow, flour, Indian corn and corn of all kinds, meat, butter, cheese, and so forth. Yet this was the gentleman who accused the Government of a departure from sound principle in regard to the present tariff, (cheers). He may shelter himself under the statement that he referred to coal. Is that duty a departure from sound principle? All I need observe is, that I will venture to say that if Confederation had existed when he brought in the tariff of 1866, coal would have been placed side by side with flour, (hear, hear). At that time there was no Nova Scotia to consider, and there was no coal from her brought to Canada. Canada was importing coal from other places, and, no doubt, if we had been in the same position last session, coal would not have found its place in the tariff. Nothing could be more unfair than the observations of the hon. member with regard to the quotation I made from Macaulay's History of England. There was nothing in what I said to intimate I thought it was desirable there should be a great public debt. I wanted to show that, notwithstanding that great public debt—and let it be observed, that was contracted almost exclusively for carrying on war—and surely no one can imagine it is a desirable thing to contract debt for such an object—however necessary it may be to contract debts for the defence of the country—the mother country had increased in wealth and prosperity. But here we are in very different circumstances. Our debt was contracted not to carry on war, but for the noble, the

promising work of public improvements [cheers]. I do not hesitate to say, I believe it has been the means of increasing largely the material prosperity of the country, and of accelerating its progress, [hear, hear]. This debt of ours has not been, as the hon. gentleman strove to make it appear, a serious disadvantage. The hon. member talked a good deal about the tendency to speculation resulting from a debt and loans, and warned us anxiously in regard to them; and he went on to condemn the municipalities for going too fast in giving subsidies to railways, and also the Provincial Governments of Ontario and Quebec. I saw an announcement, not many weeks ago, that the hon. member for Sherbrooke was himself soliciting aid from the Government of Quebec for a certain railway. Yet he now actually condemns it for its generous policy on this subject (cheers). Then, however, he was urging that Government to go even further than it proposed in its contribution (renewed cheers). Moreover, one of the conditions of the Union we are about consummating with British Columbia is the construction of a great railway to the Pacific; and surely no one imagines it is possible that great work can be built without material public aid. The hon. member is well aware, besides, that one of the terms of the Confederation compact was the improvement of the western canals. He certainly, therefore, was the last person, under the circumstances, who should have uttered this warning with regard to the public works. It is not the first time he has talked about speculations, extravagant and improvident expenditure, and so forth, of the years 1852 to 1854.

For my own part I am not prepared to defend all the grants and loans which were contracted in those years with regard to the railway improvements, yet I will not hesitate to say that I believe that, on the whole the expenditure of money which took place under the acts to which I refer, did tend very much to the improvement and advantage of the Province of Ontario, in which the expenditure chiefly took place. If we are to go on with improvements, it

is absolutely impossible that improvements of a larger description can be paid out of the ordinary revenue, but it is really a little too bad that after all the attacks made on the Government from the other side of the House for paying too much out of capital—that is to say for borrowing money for the purpose of making public improvements—when we come forward to say that we have the means of paying them out of our ordinary revenue, and do pay them out of that source, it is too bad that we are assailed for it. At all events, as far as my own experience goes, I have no knowledge of any precedent for this, (cheers). What have we had this evening? We have had a regular discussion on the Estimates, just as if the House were in Committee of Supply. We have had all the items passed under review, and attacks made on the Government which it is almost impossible in discussion of this kind to meet. I certainly feel pretty strongly on the subject, because the hon. gentleman, not content with attacking the Government, has actually assailed me personally as Minister of Finance.

Hon. Sir A. T. GALT—No, no.

Hon. Sir FRANCIS HINCKS—Yes, yes! I say yes, for the honorable gentleman attacked the mode of dealing with the finances of the country, and said it was my financial policy, (hear, hear). Now, the honorable gentleman withdrew last session a charge of a similar kind which he was making, when he said he knew very well that the Finance Minister was not responsible for the Estimates of the Government. I do not want to shrink from the responsibility of the Estimates, but I do say that it is not a proper charge to bring a personal charge against the Minister of Finance because the Public Works Department or any other department submit Estimates larger than the hon. gentleman thinks desirable. The true way is to take up these items and ask are they wanted for the country or not, (hear, hear). I say with regard to the item of \$150,000 for the erection of a public building in Toronto, I say that the state of the public building

there, used as a Custom House, is a standing disgrace to this country.

Mr. HARRISON—Hear, hear.

Hon. Sir FRANCIS HINCKS—There is a paltry custom house building that I recollect seeing there twenty years ago that is wholly inadequate for the trade of that city, where such an enormous portion of the revenue of the Dominion is collected (hear, hear). And then the Inland Revenue Department is without any office except a hired one in the exchange buildings though its officers are obliged to collect an immense revenue which, with the customs revenue, is equal to the whole amount collected in the province when the building was erected. I am prepared to vindicate that vote and every other vote in the Public Estimates, and it is not for honorable members to say that the Estimates are larger this year than they were last year. As I have said, we have been assailed time and again when we were not able to make improvements without enlarging the debt, but now, when we are trying to keep down the debt and are paying out of our current revenue those amounts, we are assailed because our estimates are so large (cheers). My honorable friend was obliged to admit, because I stated it distinctly, that the extraordinary expenses were upwards of a million dollars larger this year. There was the census charge. That is very large, and any one who thinks of the immense territorial extent of the Dominion will see that it is hardly possible to avoid incurring large expenses in this direction. Now, as to the negotiations at Washington—why, sir, the hon. member for Sherbrooke is the last member in this House who should have said one word upon this subject. The hon. member said that my remarks were an excuse unworthy of a finance minister, and talked of the duties which affected our own people and said the Government should legislate for them only. But, does the honorable gentleman remember the year 1866, when he was negotiating with the Committee of Ways and Means at Washington? When he was carrying on negotiations there with the evident intention of basing our tariff

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on that of the United States? Yet, he is the very honorable gentleman who now stands up and tells us that when negotiations are going on at Washington, and that it is a remarkable fact that a repeal of the coal duties are hung up in the Senate at the present time—

Hon. Mr. HOLTON—No, not hung up!

Hon. Sir FRANCIS HINCKS—Yes, it is so. I have the best authority for it. I state it on undoubted authority, and from the latest information got by telegram this very day from Washington, (hear, hear).

Hon. Sir G. E. CARTIER—The hon. member for Chateaugay has only the newspapers, you know, (laughter).

Hon. Mr. HOLTON—I happen to know what can and what cannot be done under the Constitution of the United States. A Bill passed by the late Congress cannot be dealt with by the New Senate. It must be commenced *de novo* in the House of Representatives.

Hon. Sir FRANCIS HINCKS—I am not going to enter into all the points raised by the hon. member for Sherbrooke, but I cannot pass without notice his remarks with reference to the West India Commission. I recollect perfectly well what took place on a former occasion with regard to that subject. The honorable member for North Lanark who charged him with inaction was a member of the Government for two or three years after that time, and yet he did not succeed in getting any action taken on the report of the Commissioners. I can only say that I believe the principal recommendation of the report to be very valuable recommendation; but while I say that, while I believe it would be most desirable to have better communication with the West Indies and more intimate commercial relations with them, I am not insensible to the difficulties that have hitherto stood in the way. Negotiations have been going on for a considerable time on the subject, but owing to the fact that Newfoundland did not come into the confederation, the scheme of sub-

sidizing a line of steamers, which would have fully answered the purpose, was thrown back. I can only say that my hon. friend and colleague, the Postmaster General, is thoroughly alive to the importance of the subject, that he has it constantly in view, but he has not yet seen a chance for carrying out any efficient scheme. There is another point respecting which I think my honorable friend should have been the last member of this House to attack the Government, that is the withdrawal of capital from commercial purposes. That hon. gentleman who projected a scheme for the withdrawal of the whole banking circulation of the country is about the last person to make an attack upon the Government for withdrawing capital from commercial purposes. The main withdrawal of capital from commercial purposes will be in the form of the issue of Dominion notes; and really that will be to a very small extent, because, although the honorable gentleman has condemned the arrangement which obtained the sanction of Parliament last session, by which the banks were obliged to hold half their reserves in Dominion notes, that did not lead to any more withdrawal of capital, because if the banks did not hold their reserves in Dominion notes, they would have to hold them in gold, while the Government obtained a very considerable circulation, and really economized capital rather than the reverse. The only way Government could possibly withdraw capital is by the circulation of small notes. In view of the fact that banks are not allowed to issue notes beyond the amount of their capital, and that amount will be reached, as I believe will be found to be the case, without the issue of small notes, it will be found that the issue of small notes by the Government will not withdraw any capital from the country, and will not injure the banks in the slightest degree. With regard to the other alleged withdrawal of capital from commercial purposes, I believe it will be found that the measure of the Government with regard to insurance companies will tend in a different direction. Certain-

ly it will not increase but rather tend to diminish the necessity of investing in Dominion securities. No doubt at the time when the Government had a large floating debt to pay off they were anxious to issue their securities, but we have during the last year been rather embarrassed by insurance companies withdrawing the securities they had deposited under the Act, and requiring us to give them Dominion stock instead. We had a great deal rather they had kept their securities in their original form. Of course, Sir, I am quite willing to give due attention to all warnings which may come from my honorable friend with regard to extravagance. I am not aware that the Government are projecting any very expensive public works outside of those works to which I have already made reference. The principal item from public works which are chargeable to capital in the present estimates is the Intercolonial Railway. Of course we intend to complete that railway with as much rapidity as possible. Many of the other items are for carrying out works which are already sanctioned by Parliament, and which it would be absolutely impossible for us to abandon in their present state. The buildings at Halifax are, of course, in quite an exceptional position, as the Minister of Customs fully explained. We are now charging \$10,000 a year to Nova Scotia for these buildings. We must have buildings at Halifax, and if the present building is not handed over to us, there is nothing for us to do but to build a new one. This will impose no fresh burden upon the Dominion, because until the buildings are handed over, Nova Scotia is charged with \$10,000 a year upon them, which will be about the interest on the cost of a new building. I will not trouble the House any longer. I must say I think the course taken by the hon. member for Sherbrooke is an unusual one, and is a direct vote of want of confidence in the Government. Nor is it supported by any fair argument, because the mode adopted of lumping the whole estimates, and showing so much this year and so much more another year, without going into the investigation of particular items, is a course

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which I think quite unprecedented and which I think will not be sustained by a majority of this House.

Hon. Sir A. T. GALT said that since the beginning of that Parliament he had not thought it his duty to address the House on the Financial Statement, on the occasion of that statement being brought down. At the commencement of Confederation he had thought it his duty to make no criticism which was not called for by the strongest considerations, and he had not found in the statements of the first three sessions anything beyond matters of detail. At the last session the Hon. Finance Minister brought down his budget, which appeared to him objectionable in many respects, and especially so in regard to the increase of outlay contemplated, and the changes proposed in the commercial legislation of the country. The hon. gentleman then, however, had only recently been charged with the conduct of the financial affairs of the country, and he felt it better to await and watch for another year the course of the policy of the Government, and then judge from a statement brought down under the most favorable circumstances, what the wants of the country were in the opinion of the Government, and what the means to meet these wants. So far as that portion of the statement of the Finance Minister was concerned, containing the congratulations which he had addressed to the House and country, he (Sir A. T. Galt) heartily concurred with. It must be satisfactory to all to be aware that for the past year and the year previous, the state of the country had been such as to warrant the statements made. He might go further, and say that he had a peculiar and personal satisfaction in hearing those statements, because, perhaps, more than any other member of the House, he had had responsibilities in connection with the taxation, the result of which they had to-day heard, — for the sources of revenue that had produced those results were enacted in 1866, the responsibility of which he shared with the other members of the Government of that day. The changes which had been made in that system of taxation had been ma-

terial, and as he might be able to shew, before he sat down, had been departures from sound principles. It must be a satisfaction to him to find that the results had justified the calculations which, as Finance Minister, he had offered at the time of Confederation. He was glad to find that all the Provinces possessed ample means for meeting the wants of their respective countries, and also that abundance reigned in the Dominion Treasury also. No Finance Minister could produce prosperity, the most that could be expected from them, was that they should place the burdens required for the country in the least onerous form possible, upon the industries of the country. He believed that the former legislation of the country had been practically endorsed by the Finance Minister, who, in showing that he did not propose materially to change the burdens now placed on the people thought, however, that the causes of the country's prosperity must be sought elsewhere than in legislation, and that amongst those causes they might with some degree of truth class the measure of Confederation. To that measure, the policy and wisdom of which had often been questioned, they must attribute the absence of that sectional strife and animosity which had long divided the different Provinces. Confederation by removing all spirit of sectionalism had done much to lift the incubus from the industry of both Quebec and Ontario, and had enabled them to use more wisely the benefits conferred upon them by Providence, had stimulated the internal trade of the Provinces, and had made them better acquainted with each other, and with the resources of each Province. They found that the exchange of the commodities of the East and West had grown yearly, as was evidenced by the establishment of steam lines of communication with the Maritime Provinces, and on every side they saw evidences that the happy day, when the country would be so homogenous as to be truly characterized as one people, was not far distant. It had also helped them to meet the evils resulting from the abolition of the Reciprocity Treaty, it had opened up new

channels of trade, it had raised in the minds of the people the expectation that new sources of employment would be developed, and the people had been found equal to the burden placed upon them, and had shown by their industry and enterprise that they were not dependent upon the United States to such an extent as to be obliged to sacrifice their principles or their interests. They had also to thank Providence for a repetition of a good harvest from one end of the country to the other, and they had to rejoice that even in the Province of Nova Scotia, which two years ago had been represented as being subject to peculiar privations, there was the same amount of prosperity as in her sister Provinces. To the advantages of good harvests and good prices for produce, there had been added a general absence of speculation. The country had not run riot into works that were not called for, but there had been that steady application to the business of the country, which so distinguished its men of business, and the consequence was a rapid accumulation of capital, which was seen in the Bank statements, and in Savings Banks deposits resulting in low rates of interest, and ability to obtain money for all legitimate objects, and consequently great advantages for the promotion of works of industry which were really called for by the interests of the land. There was one subject of congratulation which had escaped the Minister of Finance to which perhaps he might be permitted to refer. He meant the volume of the trade of the country which for the year 1867-68 amounted to \$129,500,000, had increased in the last returns to \$146,000,000, the increase being almost exclusively in the article of products. Such was the state of the country. With a redundant revenue, abundant means, and low taxation, nothing but ordinary prudence and economy was necessary to insure the future progress of the country. Thus far he had spoken in the same line with the Minister of Finance, but he was bound to say his satisfaction must now end. He felt himself compelled to differ

very much indeed from the Minister of Finance, and to speak rather in the language of warning than satisfaction. Listening to the eloquent words that the Minister of Finance had quoted from Macaulay's History, and which he had appeared to endorse, they were almost led to believe that the true cause to prosperity was to run in debt, and that it was not the unparalleled intelligence and industry of the British people, but the numerous burdens placed upon them, that had carried England forward, and it had been quoted as an introduction to a statement which plainly indicated, that the policy of the Minister of Finance was based on the principle that the greater the debt, the greater the prosperity. The changes which the Finance Minister had made in the system of taxation of 1866 were not very material. As to the changes in the tariff, the duties attracting most attention were those carried through the House last session. The increase of four per cent. then imposed was now to be taken off, but it was determined to retain the duty on those articles which were placed on the Statute Book last session, and he thought the excuse made for their retention of those duties was unworthy of any one in the position of Minister of Finance. That gentleman had admitted that no revenue was derived from those duties, and the country cried out against them, but he decided to retain them because of negotiations now going on at Washington. He thought no negotiations at Washington should affect these duties, and if these duties were not for the interest of the people of Canada they ought to be taken off, and that if the deliberate opinion of the House could be obtained he did not doubt but that they would be taken off. He then referred to the report of the West Indian commission, saying that for the last four years the Government had allowed that report to remain in abeyance. He had hoped that the Minister of Finance, from his practical acquaintance with the benefits that would result from a development of a trade with the West Indies, would have seen his way

to carry out some of the recommendations. He was sure a great deal might be done in this direction for the trade and navigation returns showed that between Canada and the West Indies there was a trade of upwards of \$7,000,000 and the gratifying feature was that during the past year that trade had increased 23½ per cent., while trade with England had increased 8 per cent. He considered this trade most important as giving employment to the shipping of the Maritime Provinces, and he hoped to discover in the estimates some disposition to assist that trade. With regard to the Financial Legislation, the Minister of Finance had himself stated the effect of the measures, relating to Insurance companies, Savings Banks, and Dominion Stock, but he thought it was to be remarked that these measures had had for their effect, the withdrawal of a considerable amount of the surplus capital of the country, and he said that if they found, as they did find, that Government had really in contemplation the obtaining the control of all deposits of capital of the country, the House ought to be very careful how far it sanctioned such measures in future. The Government in dealing with the Banks last year had authorized a circulation of \$9,000,000. A much larger amount was contemplated by previous legislation, and that legislation is, notwithstanding all that had been said against it, had been proved to have been advantageous by the absence of all evils arising from it. Still the Government had laid their hands upon the reserve amount of the Banks as against their liability to the public. He thought the measure, in that respect, an exceedingly unwise one. However, as it had been very fully discussed at the time, he would make no further reference to it at present. The policy of the Government had been to absorb, more than it was prudent to do, the floating capital of the country and the reserve which the industry of the country had at command for the purpose of various improvements required. It was quite possible that during times of prosperity to do this, but the moment the country felt the want of it the effect to the country must be most pre-

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judicial. The result of the financial legislation had been to place large cash balances in the hands of the Government. The Hon. Finance Minister had spoken of a plethora of money in the Treasury, but the result of all this was unquestionably to induce on the part of the Government a strong temptation to seek popularity by a lavish expenditure, and to induce on the part of the public a strong pressure on the Government to embark in enterprises which would not commend themselves to Parliament in the event of their being obliged to provide through loans by direct authorization of the House for what was wanted. At the same time, in view of the large engagements which the country had entered upon, in view especially of the necessity of finding the money required for the current expenditure upon the Intercolonial Railway, some reasonable excuse might possibly be found for the large drawing into the treasury which had marked the course of the Government for the last three years. But the question became an exceedingly pertinent and important one for this House to ask, how had this large revenue been applied—how had these loans been used in the public service. The hon. Finance Minister had stated that he anticipated for the current year a revenue of \$17,360,000, of which something under \$15,000,000 was to be derived from customs and excise—from customs \$10,000,000, excise \$4,500,000, and from sundries \$2,500,000. He (Sir A. T. Galt) had made some calculations himself and they did not differ materially from those of the hon. Finance Minister. The income was mainly derived from customs and excise, because what were termed miscellaneous sources of revenue were the products of certain services which cost about as much, or perhaps more than they produced. The average revenue must be governed by the increase in the population of the country coupled with the greater increase which might reasonably be assumed to take place in the wealth of the country. The increase of the population was somewhere about three per cent per annum, and he thought if the increase of consumptive power of the country were placed at two per cent additional they would have made a liberal allowance for the productiveness of customs and excise and any other revenue to be derived from the main body of the people. Taking the average increase per annum since Confederation at five per cent, it would be found to be a fair estimate. The country had prospered, the revenue had outgrown the expenses, and we had the satisfaction to-

day of dealing with a greater revenue than was required to meet the expenses of the country. At the same time he might remark without assuming the character of an alarmist, that there was a disposition now evincing itself in the country to embark in public works involving a large outlay something similar to the times of 1852-3-4. Many of these works were undoubtedly of a highly useful character, but he confessed that he looked with apprehension on the disposition on the part of municipalities, and he might add Provinces, to give great encouragement to an immediate attempt to construct these works. He feared that it would lead to a large, and, for many years, unproductive outlay, and the effect would be to sink the capital of the country. The estimates of the Finance Minister were extremely moderate, looking at the state of the country, and there was a possibility of obtaining a larger, rather than a smaller revenue than was anticipated. But they all knew that periods of prosperity without inflation, and unquestionably periods of prosperity with inflation sooner or later came to a close, and he contended that it was time for the House to take stock of their position to see that they did not by their own acts, or by the acts of the Government add directly to the disposition which existed to enter upon a course of expenditure which must in its end be attended by disaster. He had come now to the policy of the Government as indicated by the hon. Finance Minister to-day. Had it been hitherto prudent and economical? Did it tend to repress the speculative feeling in the country, and did it promise more safety, security and immunity from disaster in the future? (hear, hear). To all those questions he was compelled to answer in the negative (hear, hear, from the Opposition). He did not think the policy of the Government would have any of these results. He had examined the accounts of last year, the estimates for the coming year and listened to the Hon. Finance Minister. He found that during the three years for which the public accounts were completed, and compared them with the estimates for the current year, if it were a fact that the Government had been so economical, the question naturally suggested itself, why did they actually require more to be voted this year than was actually asked for last year (hear, hear). Now, the total expenditure for 1867-8, the first year of the Confederation, was \$13,486,000 of which the amount actually under the control of the Government was \$5,586,000, (hear, hear.) In 1868-9 that expenditure had only grown to \$5,634,000, or a trifle over \$100,000. The

third year it had swollen to \$6,243,000, not, perhaps, a very excessive growth considering, as was remarked by the Finance Minister that an increasing revenue required an increasing expenditure. But the following year, when the Finance Minister first became associated with the finances of the country, it rose to \$7,018,000, and this year, under precisely the same management, it stood in the estimates at \$8,060,000. (Hear, hear.) The result was that in five years the expenditure chargeable to the consolidated fund, apart from interest and charges on the public debt and subsidies to the provinces had swollen from \$1,516,000 to \$8,000,000, an increase of 45 per cent, of which 30 per cent had occurred in the last two years. Government policy had been to absorb more of the capital and business means of the country than was safe or its interests required. The effect in future might be most hurtful. The result of the plethora of money owing to loans and large revenues was to tempt the Government to embark in lavish expenditure, and to subject it to great pressure for undertaking public works. For improvement of existing canals we find \$624,000; for harbours and piers, \$326,000; for Ottawa buildings, in which we spend no less than \$297,000; for public building at Halifax, \$200,000. Surely the proposition which the Nova Scotia Government made on the last item might have been accepted, and at least two-thirds of the item saved to the country. The Finance Minister had admitted that there was \$313,000 in the estimates for other public buildings; there are therefore in the estimates no less than \$2,000,000 for public works, independent of the Intercolonial Railway, on which upwards of \$255,000 had been expended for engineering alone, up to June 30, 1870 (Cheers from the Opposition.) It has been charged in the House and in Committees that the expenditure on that road has been unnecessarily large. The hon. gentleman concluded by moving, in amendment, that Mr. Speaker do not now leave the Chair, but that it be

Resolved, That this House regards the continuous and rapid increase in the ordinary expenses of Government as excessive and uncalled for, and believes that unless more strict economy be observed in the general outlay of the country, grave evils will speedily arise.

It being six o'clock the House rose.

AFTER RECESS.

Hon. Mr. TILLEY said he first made the acquaintance of the Hon members for Sherbrooke at the Charlotte Town Conference in 1864. The clear, logical and eloquent

Hon. Mr. A. T. Gal

manner in which he presented to the Conference the advantages of an union of the whole of British America, impressed him most favourably, and he remarked to one of the hon. gentleman's then colleagues, that he (Mr. Galt) appeared to be a gentleman of brilliant intellect and high accomplishments; his colleague replied that to hear him to advantage, he should be heard delivering a Budget speech. He had listened to him on one such occasion, when he had the deficiency of nearly two millions of dollars, and such was his tact and so great was his persuasive eloquence, that when he closed his speech he had convinced a majority of the Canadian Parliament that he was in the enjoyment of a handsome surplus. What a treat it would have been, said Mr. Tilley, could the House have listened to the hon. Member for Sherbrooke on the present occasion, as the Minister of Finance, submitting, as he would have done, the financial operations of the first three years of the Union, and the estimated results of the current fiscal year, now drawing to a close; with what clearness and eloquence would he have pointed out the surplus of each year, reaching in the whole to a gain exceeding four millions of dollars, drawing as he doubtless would from these facts, conclusions as to the future of the Dominion, that would have elicited from both sides of the House loud cheers in response to his eloquent peroration. Not occupying that position, how different is his course. It is true, the hon. member admits that the country is in a prosperous condition, that to a considerable extent this prosperity has been brought about by Confederation, affording greatly increased facilities for inter-Provincial Trade by the removal of former barriers; that the present equitable tariff, very similar, indeed, to that introduced by himself, and passed in the Parliament of Canada in 1866, has tended in the same direction; that this state of things justifies fully the part he took in bringing about Confederation. Yet he sounded a warning note, and by his expressions of fear for the early future of the Dominion, crushed the hopes and aspirations he had previously raised. The hon. member for Sherbrooke endorses in the main the estimates and statements made by the Hon. Minister of Finance, and claims to be in a great measure the author of the present Tariff, but charges that any deviation from the tariff of 1866 has been in the wrong direction, and complains of the imposition last session of duty on coal, flour, and grain. He (Mr. Tilley) was much surprised to find the hon. member for Sherbrooke condemning the tariff policy of the Government, which was so like that introduced by him in 1866.

The flour and grain duty was not imposed for the first time last session, the hon. member was himself the author of that policy. (Hear, hear.) He would ask, have the changes been in the wrong direction? Since 1866, the duty on molasses has been reduced, is that in the wrong direction? The duty on tea has also been reduced, is that in the wrong direction? The hon. member for Sherbrooke in 1866 imposed a duty on flour of fifty cents per barrel, (hear, hear) it had been reduced to twenty-five cents a barrel, is that in the wrong direction? He at the same time imposed a duty of twenty-five cents a barrel on corn meal, it has since been reduced to fifteen cents a barrel, is that also in the wrong direction? In the face of these facts he (Mr. Tilley) was amazed to find the hon. member for Sherbrooke denouncing the Government for the imposition of only half the duty he himself caused to be exacted, when he was Minister of Finance. Great as was his surprise at the objections taken by the hon. member to the provisions of the tariff, it was immeasurably increased by his condemnation of the proposed expenditure for public works, as shown by the estimates for next year, and by the policy foreshadowed by the appointment of the Canal Commission. That hon. gentleman's policy in the past had been to give every possible facility to the development of the resources and the extension of the trade of the country, and had in old Canada incurred a large debt in connection with that policy. And if his memory served him, he had always advocated the reduction of tolls on canals to a sum that would barely pay working expenses, so great, in his estimation, were the advantages to be derived from such works. Nay more, at the Quebec conference in 1864, that hon. member, with his colleagues from Canada, made it one of the conditions of the terms of Union, that as soon as the finances of the Dominion would permit, the Canals of Canada should be enlarged, (hear, hear), this condition, the representatives from the Maritime Provinces would willingly have deferred, but it was insisted upon by the hon. member, and conceded. And now when the finances of the country appear to warrant such public improvements, the hon. member for Sherbrooke warns us against our fulfilment of a solemn contract, [hear, hear], and one which he demanded should be made; was it to be wondered at, under these circumstances, that he had listened to the hon. member's speech with the greatest possible astonishment. The hon. member for Sherbrooke proceeded to shew that since 1869, there has been a steady increase in the public expenditure.

That the appropriations in 1867-8 in excess of interest and subsidies to the Provinces amounted to about. \$ 5,515,000
 In 1868-9 to..... 5,634,000
 In 1869-70 they reached..... 6,243,000
 In 1870-71 they were..... 7,018,000
 And in the estimates for the next year they reach..... 8,060,000

That he considered the appropriations for the last two years named as excessive, and calculated to create alarm, and if this scale of expenditure was not checked it would lead to extravagance and financial difficulty. He (Mr. Tilley) entertained no such fears, the hon. member himself estimated the increasing paying power of the Dominion at 3 per cent. for population, and 2 per cent. for increasing wealth or \$700,000 a year. The increased expenditure had not exceeded that percentage. Hon. members of both sides of the House, will remember the way in which their applications were, on many occasions, met by the late Minister of Finance (Mr. Rose). How often were they told by him, that he admitted the necessity for the public works and improvements asked for, and that he was only deterred from placing them in the estimates by his determination, to avoid the occurrences of the past, and to keep the expenditure within the income. In that policy he succeeded, but only by refusing in many cases, the construction of works he was satisfied ought to be undertaken, whenever the Revenue admitted. It cannot therefore be argued, that because, the expenditure on public works during the third, fourth, and fifth years of the Union has and will exceed that of 1867 and 1868, that the Government are necessarily guilty of extravagance. He (Mr. Tilley) was prepared to prove to the contrary. The estimated increased paying ability of the people of the Dominion as stated by the hon. member, has been more than realised since 1868-9 and notwithstanding the increased expenditure referred to, the receipts have been largely in excess of the expenditure. He proceeded to name the items constituting the principle part of the increase, they were, first, the cost in the census, last year \$150,000 were voted, this year an additional vote of \$360,000 is asked. This Session an extraordinary vote for Militia of \$275,000 is asked to pay in part for arms, ammunition and stores bought from the Imperial Government on advantageous terms. The expenditure this year and next in the protection of our Fisheries, will reach \$135,000; this is in excess of the cost of the protection of our river Fisheries. The cost of construction of light houses for this year and next exceeds that of 1869 by over one hundred thousand dollars a year. The sum asked

for next year for building and working Dredges, \$84,500, is a new service since 1868-69. This year the Government ask for nearly \$300,000 more for public buildings than they expended on works of the same kind in 1868-9. There is also an additional vote asked for of \$100,000, to be expended on the Slides and Booms on the Ottawa and other rivers. To be added to these items are the proposed expenditure for maintenance of light houses, fog whistles, and improvements of canals and other public works. Then there was the expenditure of \$400,000 towards the opening up of the North West.

Hon. Sir A. T. GALT. This is not charged against income.

Hon. Mr. TILLEY admitted the correctness of the statement, but said, that item with the outlay for the harbours of refuge, deepening and enlarging of canals, extension of the railway station and grounds at St. John and Halifax, public buildings at Ottawa and Halifax, though chargeable to the public debt would, with all other expenditures for public works since the Union except the Intercolonial Railway, be met by the receipts since Confederation, and there would still be a million of dollars to spare (hear, hear). The hon. member for Sherbrooke had said that the grants proposed covered expenditures in every part of the Dominion. He (Hon. Sir A. T. Galt) thought our resources should now mainly be expended in the opening up and development of the North West. Would the hon. members, asked Mr. Tilley, endorse this proposition. Are not all the Provinces in this Dominion entitled to a fair share of the public monies. They certainly are. They contribute to the general treasury, and have a claim upon the just and fair consideration of Parliament. He (Mr. Tilley) as a representative of one of the Maritime Provinces, was willing to provide liberally for the development and settlement of the North West. It was for the interest of the whole that this should be done. But for one, he was not prepared to give all to that new territory, and the country would not sustain Parliament were they to undertake to do so. The expenditure on the railways of Nova Scotia and New Brunswick would give increased facilities to the trade and agricultural pursuits of those Provinces. The lights in the River St. Lawrence and Gulf, as well as those erected on the coasts of New Brunswick and Nova Scotia, diminished the risks and reduced the insurance and other charges on shipping, and by diminishing the cost of transport, direct benefits were secured to the whole population. So with the Harbours of Refuge on the great lakes and in the Maritime

Hon. Mr. Tilley.

Provinces. These expenditures on the lakes were assented to last session. Parliament had always declared that they should be constructed. Surely the Government were not to be condemned for doing what Parliament had declared they should do. Had the income been insufficient to meet these demands, he could see some reason for the objections of the hon. member; but with a large surplus, with means ample, and that after a reduction of taxation, he failed to see a justification for his course, and he was quite certain that neither the House nor the country would sustain him in it. The hon. member had referred to the proposed vote of \$200,000 for public buildings in Halifax, and asked, was it wise to throw away such a sum of money for that object, when the present buildings could be had on payment of \$66,000 to the Nova Scotia Government. It was clear that the hon. member did not understand the position of this question. No such loss as he supposed could arise. Under the new terms with Nova Scotia, the building referred to have to be transferred to the Dominion. Until that transfer takes place, the Government of Nova Scotia are by agreement chargeable with the interest on their cost. If they conclude to retain them, the interest charged against them, will meet the interest on the new outlay incurred by the Dominion, the vote asked, if used, could in no way increase our annual expenditure, (hear hear). Mr. Tilley then referred to the resolution submitted by the hon. member for Sherbrooke. The charge of extravagance was general, it applied to the expenditure on account of the Civil Service, as well as the general appropriations. On the latter point he thought there would be but one opinion, and that hon. member would not be found willing to declare the public works, demanded by the growing trade and commerce of the Dominion should be delayed a day after it has shewn that the finances of the country would warrant their construction. The Government had been charged with extravagance in connection with the Civil Service expenditure, he said this charge was groundless, that the Government had given up a large amount of patronage by subjecting the public printing to competition and by the establishment of a stationary department. By these arrangements upwards of sixty thousand dollars a year had been saved. Was no credit due to the Government for these economical operations? Again, it had been stated that the expenditure for the Civil Service in 1869 and 1870, the third year of the Union, was considerably in excess of the expenditure for like services in 1867 and 1868. Such was not the case.

He was prepared to establish the fact, that for the same services the expenditure in 1869 and 1870 was less than in 1867 and 1868. In 1869 and 1870, officers in the Militia Department whose salaries exceeded eleven thousand dollars were transferred, from being chargeable upon the Militia vote, to the Civil Service. In the Board of Works Department several officers whose salaries amounted to about nine thousand dollars a year were transferred from the various public works, and placed on the Civil Service List. The establishment of the Queen's Printers and Stationery Department, by which arrangement the Savings referred to has been secured, has been added to Civil Service expenditure. These with other charges transferred in like manner, reduced the expenditure in 1869-70 below that of 1867-68. These are matters that the House and the Country should understand, (hear hear). He did not believe that the House would sustain the Resolution offered by the hon. member for Sherbrooke, he was certain they would not. He wished to add a word or two about the duties on Coal, Flour and Grain; whatever differences of opinion may have existed upon that question last Session. He did not see how there could be much difference of opinion now. In his judgment it would be in the highest degree impolitic to interfere with that question at this moment. In the Act of last session the Government took power to remove or reduce the duties on coal, flour, grain, salt, and other articles therein named, whenever the Government or Congress of the United States removed or reduced the duty upon one or all of these articles; and he was prepared to state, on behalf of the Government, that should any such removal or reduction of duty take place in the United States, it would be promptly responded to by the Government of the Dominion (hear, hear). He hoped that this declaration would be satisfactory to the House. He closed his speech by appealing to the House to reject the resolution of the hon. member for Sherbrooke, and thus declare in favour of the development of the resources of the Dominion and the extension of its trade and commerce as far as the proposed reduced taxation of the country will warrant (cheers).

Hon. Sir A. T. GALT said this item was not included in the increase to which he had referred.

Mr. CARTWRIGHT thought the Minister of Customs had entirely misconceived the object of the resolutions moved by the hon. member for Sherwood. He had not changed the well known fact that in the space of 3 or 4 years the expenditure had

increased almost 50 per cent, and he had not attempted to meet the point of the enormous increase of future liabilities. He maintained that the present prosperity of the country was no reason for plunging into heavy liabilities which might prove most burdensome in the event of that prosperity receiving any check—and that they had no right to calculate on an uninterrupted succession of prosperity. He drew a parallel between the times some twenty years ago, when the present Finance had first occupied that position, stating that on each occasion the country had chanced to be most prosperous, and that the Minister of Finance had then, as now, attempted to carry out a policy which apparently increased the prosperity, but which carried great risk with it in case of a change of affairs. Canada already owed from ten to twelve millions, payable on demand, a very considerable portion of of which would, no doubt, be called for if Canada should ever hold a less prosperous position, and although he did not intend to say that there would be any serious difficulty, yet such might occur. The Minister of Customs had said that the member for Sherbrooke had represented the country as not being prosperous, but what he had really said was, that never was the country more prosperous, but that there were many signs to show that reverses might occur. He pointed out that people when in easy circumstances were very apt to make engagements which they would not otherwise, and maintained that there was great danger in such a course. A very considerable portion of any future surplus would clearly be taken up for interest on the cost of the Intercolonial Railway, which he thought would probably cost much more than was estimated. For all these reasons he considered it a fit and proper time to warn the Government and the country of the possible results of the course they were now pursuing.

Hon. Sir G. E. CARTIER opened his remarks by saying that the hon. member for Sherbrooke was so accomplished in dealing with figures that he almost turned a budget speech into poetry (Cheers and laughter.) He had thought him as good at a financial statement as Mr. Gladstone (Renewed laughter.) He had told him once after both had listened to a budget speech of Mr. Gladstone's, that if he (Sir A. T. Galt) had all the English Minister's big figures he would have made a still better speech (Roars of laughter.) He (Sir George E.) thought on this occasion the member for Sherbrooke had spoiled his clever speech by his motion, and had consequently made a great mistake (Cheers and laughter.) In 1866 that gentleman had reduced the tariff from 20 to 15 per cent, which had assisted

in securing Confederation. This change, though it suited the Lower Provinces, was opposed by the member for South Oxford. Some items in the tariff were then forgotten, but it was proposed to deal with them afterwards. Those commercial and political changes produced good results to the country's prosperity. The member for Sherbrooke then received his (Sir Geo. E. Cartier's) hearty support (Hear, hear.) His present criticism related to both branches of the expenditure. That portion under the control of the Government had been stated by him as \$5,500,000 in 1867-'68; \$5,643,000 in 1868-'69; \$6,243,000 in 1869-'70; and \$7,100,000 in 1870-'71. He (Sir Geo. E. Cartier) denied that those expenditures had been, as the member for Sherbrooke described them in his motion. He appealed to the House if an expenditure of \$600,000 to \$700,000 on Public Works from Halifax to Red River was ordinary, or under control of the House. They had little or no option in the matter. A part of this money went to purchase arms and military stores, designed to aid in the country's protection. Could this be fairly called ordinary and outlay? He thought he had made out his case that the expenditure aimed at in the amendment was not ordinary. The Government was to-day ready to prove that the civil service was costing less to-day, four years after Confederation, than it cost before. He characterized the motion untimely and illogical, and that the House ought to vote it down [cheers]. The Government had been so pressed in the past by members on one or other side the House, for improvements that, wanting means therefore, they had been compelled to borrow. This year, however, they presented a surplus of nearly two millions. They now came before the House and asked considerable sums for Public Works. This did not prove an undue expenditure—they merely asked the House for leave to make certain expenditures. They did not ask increased taxation with this object, being in possession of the means. He did not see the House was in a position at this moment to affirm the motion of the hon member for Sherbrooke, and affirm that the proposed expenditures should not be undertaken. The hon. member for Sherbrooke was right as to the pleasant results of Confederation, one of which was that we had a plethora of money. The Local Government also had an abundance of money (hear hear.)

Hon. Sir A. T. GALT^T replied to speeches which had just been delivered by hon. members of the Government. With respect to the remarks of the Hon. Minister of Customs, he would say that he (Sir A. T. Galt) complained of the increase of

the coal for maintenance of lighthouses and not of expenditure for constructing them. The point in his (Sir A. T. Galt's) speech to which objection was principally taken was that he was not justified in alleging that the portion of expenditure which was under the control of the Government had increased in an appreciable degree. In fact, his hon. friend had remarked that it was even less, but he (Sir A. T. Galt) would put it on the most favourable ground for the Government, and say that they maintained that the expenditures had not increased in any appreciable degree. On that point he joined issue with his hon. friend, and he did so on the authority of the Public Accounts and the estimates. Of course he had no other authority on which he could proceed. From them he ascertained the fact that for the past year the amount expended for the Civil Government was \$594,000 (fractions omitted). In that amount there was an unusually large sum for contingencies—a very unusually large sum—so large that when the attention of the Government was called to it they reduced it to the satisfactory amount mentioned by his hon. friend. They remedied the evil, it was true, but did not apply themselves to the reduction of other expenses, for in the estimates brought down this year, for Civil Government \$675,000 was required, showing an increase of \$80,000. The administration of Justice had increased from \$291,000 last year, to \$335,000 this year. Police had been reduced from \$49,000 to \$45,000. Penitentiaries and Prison Inspection, which was more or less under the control of the Government, which was \$209,000 last year, was \$289,000 in the estimates. (Here the hon. gentleman mentioned a large number of items in which a considerable increase had been made). He thought that these figures bore him out, even with the explanations which had been made, bore out the words of the resolution that, "the increase had been continuous and rapid," and justified him in the course that he had taken. He thought it was fairer to the House, the country and the Government that he should have made this attack upon the financial policy of the Government, that the House and country might hear both sides of the question. As for the vote on the motion, he was not sanguine that it would be in his favour, but, at the same time, he did hope that, having called the attention of the Government to this matter, that advantages would flow from it. He was only blaming the Government in time to remedy the evils which the country had hitherto been suffering under.

Hon. Sir G. E. Cartier.

Mr. OLIVER had listened to the statements of the Finance Minister and of the hon. gentlemen who followed him, and must express his conviction that the former had not answered a single charge made against his policy.

Mr. OLIVER said he did not consider that the Finance Minister had refuted a single one of the statements lately made at a meeting in western Ontario.

Hon. Sir FRANCIS HINCKS --Oh! oh!

Mr. OLIVER repeated his statement.

Hon. Sir FRANCIS HINCKS said he would beg to interrupt the hon. gentleman and tell him that he had shown that all figures given there were absolutely false by millions of dollars. (Cheers.)

Mr. OLIVER proceeded to show the immense increase that had taken place in the trade of the country.

Hon. Sir FRANCIS HINCKS replied to the arguments of the hon. member for Sherbrooke and the last speaker. These gentlemen must see by the statement that the debt has not increased, but there has been a considerable reduction. He had shown that there had been an expenditure in capital of 3,729,000. With regard to the course taken by the hon. member for Sherbrooke, it was a very extraordinary course, as was also that of the hon. member for Chateauguay, who had agreed with him (Sir Francis) that the budget speech should be delivered with the Speaker in the Chair. Whether that hon. gentleman knew that hon. member for Sherbrooke intended to move an amendment which was equivalent to a vote of want of confidence, he (Sir Francis Hincks) did not know, but he could say that he would rather be in the position which the Government now occupied than that held by those gentlemen who opposed him (hear, hear). The hon. member for Sherbrooke had attacked the Government for their tariff policy, but he contended that that hon. gentleman had himself endorsed changes which the Government had made of late years. He (Sir A. T. Galt) had taken great credit to himself for his tariff of 1866, and he believed that he (Sir A. T. Galt) would have put a duty on coal at that time, if there had been Confederation. He [Sir A. T. Galt] had spoken of assistance rendered by the Government to railways, yet he himself had pressed on the Quebec Government to assist a certain railway in which he was interested, and had actually asked them to go further than they intended to (hear, hear). He thought (Sir A. T. Galt) was the last person who ought to warn the Government against Public Works (hear, hear.) He (Hon. Sir Francis

Hincks) did not hesitate to say that the expenditure of money made under the Acts of 1852 and 1854, had tended very much to develop and encourage the resources of Ontario, where that expenditure had been principally laid out. He (Sir A. T. Galt) had said that extravagancies had principally begun when he (Sir Francis Hincks) came into office. He would not shrink from the responsibility of the estimates, but he did not think that the expenditure on those Public Works ought to be charged on the Minister of Finance and on his financial policy (hear, hear). With regard to what the hon. member for Sherbrooke, had said about the West India commission he could only say that the recommendation of the report was a valuable one. There was another point on which that hon. gentleman had been inconsistent on the question of withdrawing capital for commercial purposes. That hon. gentleman himself had been the very one who wished to withdraw the entire bank circulation from the country. (Hear, hear.) The only withdrawal of capital which would be made by this Government would be in the shape of Dominion notes. With regard to the other withdrawal of capital for commercial purposes he was sure that the Government's policy with regard to Insurance Companies would rather have an opposite tendency, and diminish the necessity of investing money in Dominion securities. He (Sir Francis) was quite willing to accept all warnings delivered by the hon. gentleman with regard to extravagance, but he was not aware that there had been any undue extravagance, the only item of large amount being for Intercolonial Railways. He must say that the course taken by the hon. member for Sherbrooke was an extraordinary one, and amounted to nothing else than a vote of want of confidence without any arguments to support it, (cheers).

Hon. Mr. HOLTUN replied very briefly to the Finance Minister, and denied that there had been any unfair collision between himself and the hon. member for Sherbrooke, when he moved that the financial statement should be delivered with the Speaker in the chair. He criticised the Budget speech.

Mr. JONES (Leeds and Grenville) complained that the member for Sherbrooke had not given his charges in detail. He complimented the present Finance Minister, who he said was the ablest occupant of the position since he had been member for the House. He (Mr. Jones) recollected when the hon. member for Sherbrooke was Finance Minister, that he used to make glowing state-

ments at the beginning of each year, but his speeches always foreshadowed a deficit.

Hon. Mr. HOLTON—And you went on to support him all along.

Mr. JONES (Leeds and Grenville) said he had once been inclined to support the Government, of which the member for Chateauguay had been a member, but he was not able to bring down a budget at all (great laughter.)

Hon. Sir FRANCIS HINCKS wished to explain that he was not actually aware that negotiations on the tariff question were going on at Washington.

After some unimportant remarks from Hon. Mr. Holton, a division was taken on motion of Sir A. T. Galt, which was lost. Yeas, 35; nays, 91; majority for Government, 55.

YEAS.—Messrs. Bechard, Bourassa, Carmichael, Cartwright, Cheval, Cimon, Coupal, Delorme, Dorion, Fortier, Fournier, Galt (Sir Alexander T.), Geoffrion, Godin, Holton, Joly, Jones (Halifax), Kempt, Macdonald (Glengarry), McDougall (Lanark), McMonies, Metcalfe, Mills, Morison (Victoria, O.), Oliver, Paquet, Pelletier, Pozer, Ross (Wellington, C. K.), Scatcherd, Snider, Thompson (Haldimand), Thompson (Ontario), Wells, and Wright (York, Ontario, W. R.)—35.

NAYS.—Messrs. Abbot, Anglin, Archambault, Ault, Baker, Barthe, Beaubien, Bellerose, Benoit, Bertrand, Blanchet, Bolton, Bowell, Brown, Burpee, Cameron (Inverness), Cameron (Peel), Caron, Cartier (Sir George Et.), Cayley, Chauveau, Chipman, Coffin, Colby, Costigan, Crawford (Brockville), Crawford (Leeds), Currier, Daoust, Drew, Dufresne, Dunkin, Ferris, Forbes, Fortin, Gaucher, Gaudet, Gendron, Grant, Gray, Grover, Harrison, Heath, Hincks (Sir Francis), Howe, Hurdon, Jackson, Jones (Leeds and Grenville), Keeler, Killam, Kirkpatrick, Lacerte, Langevin, Langlois, Lapum, Lawson, Little, McDonald (Antigonish), McDonald (Lunenburg), Masson (Soulanges), Masson (Terrebonne), McDougall (Three Rivers), McKeagney, McMillan, Merritt, Moffatt, Morris, Perry, Pickard, Pinsonneault, Pope, Pouliot, Ray, Renaud, Robitaille, Ross (Champlain), Ross (Victoria, N. S.), Savary, Scriver, Simard, Simpson, Smith, Stephenson, Street, Sylvain, Tilley, Tourangeau, Tupper, Walsh, Willson, and Wright (Ottawa County.)—91.

The original motion was then carried, and the House went into Committee of Ways and Means, Mr. STREET in the Chair.

Hon. Sir FRANCIS HINCKS said, there could be no debate on the first resolution

Mr. Jones.

for the abolition of the duty of 5 per cent imposed last session. He would explain that if there really had not been a mine sprung on him by the member for Chateauguay, he at least, thought there had and he believed the House thought so.

Hon. Mr. HOLTON favoured the adoption of the resolution.

The resolution was then carried, and the Committee rose and reported and asked leave to sit again on Tuesday next.

THE SENATE.

MONDAY, March 13, 1871.

The SPEAKER took the chair at 6 o'clock.

NOTICES OF MOTION.

Hon. Mr. MILLER gave notice that on Wednesday next he would enquire of the Government whether it is their intention to introduce a measure during the present session of Parliament to equalize the salaries of the Superior Judges in all the Provinces, by placing the Judges of Nova Scotia and New Brunswick on the same footing with those in Ontario and Quebec. Also, on Thursday, whether it is their intention to take steps during the present session to equalize the salaries of the Lieutenant Governors of the Provinces.

THE NORTH SHORE R. R.

Hon. Mr. CAMPBELL introduced a Bill to authorize the Minister of Public Works to exempt the North Shore Railway Company from the obligation to build draw bridges over navigable rivers.

ADJOURNMENT.

The orders of the day were then deferred until the following day, and the House adjourned.

HOUSE OF COMMONS.

MONDAY, March 13th 1871.

The SPEAKER took the chair at 3:20 p. m.

After routine.

Mr. CARTWRIGHT introduced an Act to comprise in one Act the financial affairs of the Great Western Railway Company.

Hon. Mr. TILLEY presented the returns of grain and flour imported into the Dominion in 1870.

Hon. Sir FRANCIS HINCKS presented the returns of the total quantity of sterling