

Governor General, be referred to a Committee of the Whole House.

Hon. Sir JOHN A. MACDONALD laid upon the table papers relating to the seizure of the *C. E. Horton*.

Hon. Mr. LANGEVIN submitted papers relative to the Miramichi bridge.

Hon. Mr. MACKENZIE stated that the papers relative to the St. Clair Flats Canal had not yet been brought down.

Hon. Sir JOHN A. MACDONALD asked leave to introduce a Bill to give effect to certain articles of the Washington Treaty.

Hon. Mr. MACKENZIE wanted some explanation.

Hon. Sir JOHN A. MACDONALD said that he was merely moving to have the matter put upon the Orders of the Day.

Hon. Mr. MACKENZIE said it would necessitate on the part of the Opposition some action which would produce discussion.

Hon. Sir JOHN A. MACDONALD withdrew his motion.

THE BUDGET.

Sir FRANCIS HINCKS, in moving the House into Committee of Ways and Means, said: Mr. Speaker,—I propose to follow on this occasion the course suggested last year by the hon. member for Chateauguay, and to make the financial statement, which it is my duty to submit to the House, while you, sir, are in the chair, upon motion to go into Committee, instead of following the former practice of making that statement while the House is in Committee. As there are several new members in the House, whose presence we all hail with satisfaction, I think it proper to state on the present occasion, that owing to the time at which the fiscal year terminates, it is necessary to take into consideration the revenue and expenditure of three fiscal years, viz., the year which terminated on the 30th June last, the year now coming near to a close, the results of which can be calculated with tolerable accuracy, and the year for the services of which we are about to ask the House for supplies. I think I may also on this occasion, for the information particularly of new members, make a few remarks with regard to the state of the public debt. An hon. member of this House—indeed, one of the new members—in course of conversation a few days ago, was quite astonished to hear the small amount of the debt, having been under the impression it was much larger. I told him that in round numbers it amounted to about \$80,000,000. The last statement showed that on the 30th June

last the actual net debt was \$77,706,517, but as there were a number of assets, some of which might not be worth par, I may be safer in speaking of it as \$80,000,000. I may observe, also, with reference to the debt that there is one feature of it which has caused every year an increase of the gross debt without causing an increase of interest payable on it. That increase arises from the non-settlement of the debt of the old Province of Canada, which has rendered it necessary to keep an open account with the Provinces of Quebec and Ontario, so that an item of about seven and a half millions of dollars appears on both sides—that is, as a debt and as an asset. It, however, involves no charge of interest whatever. The auditor's report on the transactions of the last fiscal year and the appendices will, I hope, be found to present the actual position of the debt and of the assets in a clearer manner than in former years. The fact that the interest received on the assets is about 20 per cent. on the interest paid must be considered ample proof of their value. The statements regarding the capital-expenditure since Confederation cannot but be considered most satisfactory. From them it will appear that during the four years since Confederation there was expended on the Intercolonial Railway, on the purchase of the North West Territory and expenditure consequent thereon, for which loans were specially authorized, \$7,268,698; also against Public Works chargeable against capital by authority of Parliament \$1,130,885. From this latter sum however, an amount was transferred to the Consolidated Fund Revenue account by my direction, because exception was taken in the Committee of Public Accounts to some items, as improper charges against capital. These items amounted to \$317,580.12, reducing the expenditure on Public Works chargeable against capital, to \$813,205, which added to \$7,268,698 gives \$8,081,903 as the expenditure on capital account, while the total increase of debt since Confederation has been only \$1,977,876, so that \$6,104,027.58 has been expended out of our current revenue, on important public works, and in acquisition of the North West Territory. I may add that though of that large amount, no less than \$3,640,248.19 was expended in the year 1870-'71, the net debt had decreased for the first time in the history of the country, by \$503,224 (hear, hear). I may take the opportunity of calling attention to one item among the assets which may possibly tend to relieve the mind of my hon. friend from Lennox, who has on more

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than one occasion expressed apprehensions of embarrassment from our large Savings Bank deposits, which I am happy to say now amount in all the Provinces to about four and a half millions. There is held in London \$1,362,666 in 5 per cent Canada bonds specially on Savings Bank account. As these bonds could be turned into money at any moment and drawn against, and as they are above 25 per cent of the aggregate Savings Bank deposits, I should imagine that no alarm need be felt on that account. I will now refer, and I hope for the last time to the attacks made on the Government on account of the policy of my predecessor with reference to the investment of the proceeds of the first half of the Intercolonial Railway Loan. On the first of July, 1869, we held in Exchequer Bills, \$6,575,410.05, or in other words, the Consolidated Revenue was in debt that amount to the Railway Commissioners. On 1st July, 1870, the Exchequer Bills were reduced to \$2,224,353, and on 1st July, 1871, there were no Exchequer Bills, but on the contrary the Consolidated Fund was largely in advance to the railway account. Of course this amount is changing day after day, but always in the direction of increased indebtedness to the Consolidated Fund. The last statement I have had, was up to the 16th of this month when we had paid \$8,612,492 on that account leaving only \$1,120,841 of the amount raised, being the half of the whole loan. We have in deposit in the Bank of Montreal on Intercolonial Railway account bearing interest, \$4,500,000, so that the Intercolonial Railway owes the Consolidated Fund \$3,379,159. Again we have in London \$3,000,000, or to speak more correctly, £600,000 sterling in Imperial Guaranteed Bonds and Canada 5 per cents, half of each issued on North West account, which we can place in the market at any moment that we please, and in addition to these amounts we have about one million of dollars in Bank deposit receipts bearing interest. I hold therefore that our financial position is impregnable (hear, hear). I shall now proceed to the consideration of the accounts of the year which terminated on 30th June, 1872. In the estimates of last year, as submitted by me, I anticipated an aggregate revenue of \$17,360,000. The actual result has been a revenue of \$19,335,560.81, or an excess of revenue of \$1,975,560.81. On the other hand the actual expenditure has been only \$15,623,031.72, so that the aggregate surplus on the year is \$3,712,479.09. As I am well aware

that I may reasonably expect criticism from the honorable gentlemen opposite, and have no desire to shrink from it, I will anticipate the charge that my estimates of revenue have turned out wholly unreliable. I readily admit that such has been the case, but I have very high authority, no less than that of the distinguished statesman who is Chancellor of the Exchequer in England for maintaining that it would be most unsafe for a Minister to make a mere speculative estimate, and to ignore that furnished by officers whose special duty it is to make themselves acquainted with facts. The gentleman to whom I refer was placed in rather an embarrassing position, inasmuch as he had in previous years made too low an estimate of revenue by something like £2,000,000 stg., and had, in order to meet the anticipated deficiency, put on an income tax against the remonstrances of some gentlemen in the House who told him his estimate was a great deal too low. It turned out as they stated, and next year he had to come down and admit that the gentlemen who had criticized his estimates were more correct than he was. He thus certainly found himself in an embarrassing position—one much more embarrassing than I put myself in; last year when I stated my expectations of revenue the hon. member for Sherbrooke (Sir Alexander Galt) admitted that they were reasonable and no exception was taken to them. I had made a very fair estimate. I will say, moreover, that erroneous calculations in estimates are of far less importance in Canada than in England. In England, as we all know, there is an enormous public debt of £750,000,000 sterling, which was contracted ages ago for the defence of the country, and handed down from generation to generation. Public opinion in England has long since settled down against making any attempt to reduce the capital of that debt. It is considered that the people should not be taxed beyond the amount necessary to pay the interest and the ordinary expenses of Government. It is to be recollected that our debt is not contracted for such purposes as the debt of England is contracted, but for objects which will be more beneficial to the generations to follow us (hear, hear) than they are to us. If I had anticipated that the result would have been as it has turned out, I would not have been prepared to come forward under the circumstances to propose any further reduction of taxation. It will be recollected that last year we reduced taxation by the abolition of the 5 per ct. duty, equal to about

\$500,000, and that afterwards at the instance of the House, without doubt from the pressure of the House, we had to take off other duties which might be estimated at \$300,000, making a reduction of taxation during that year of no less than \$800,000. I desire to explain the chief items in which the revenue is in excess. In order to do this satisfactorily I must eliminate the amounts received on account of new duties imposed in 1870. These duties in the year ending 30th June, 1871, amounted to \$640,778, and deducting this amount from the aggregate revenue of \$11,843,655 we have a revenue of \$11,202,877. Making the same deductions in 1870 we have a revenue of \$9,277,489.69. There were some alterations made in the Customs tariff in 1870 that were not included in the reductions of 1871. There was additional duty on wine, tobacco, cigars, rice, hops, and one or two other articles, but these are not of great importance, but it is not desirable to lose sight of them as they have added a little to the revenue. The excess of 1871 over 1870 was \$1,925,387.35. It will be obvious that considering the very great number of articles upon which the revenue is raised, being chiefly on articles which came under the 15 per cent duty, it would be perfectly impossible to go into any minute details with regard to those items. I will however observe that out of this \$1,925,387.35 there was a gain on nineteen leading articles of \$1,543,637.45. Then, if you compare 1871 with 1869, the excess was \$2,903,967.33, of this sum the excess on the 19 leading articles was \$2,474,190.86. I will state what these articles principally are:

Spirits gave in 1869.....	\$810,019
“ “ 1870.....	901,547
“ “ 1871.....	1,024,287
Cigars gave in 1869.....	37,126
“ “ 1870.....	55,372
“ “ 1871.....	108,115
Tea gave in 1869.....	916,177
“ “ 1870.....	1,140,648
“ “ 1871.....	1,157,315
Wine gave in 1869.....	129,178
“ “ 1870.....	170,547
“ “ 1871.....	195,181
Sugar cane juice and molasses	
in 1869.....	1,476,531
“ “ 1870.....	1,846,774
“ “ 1871.....	1,933,154
Cotton goods	
in 1869.....	1,107,003
“ “ 1870.....	1,100,998
“ “ 1871.....	1,361,579

Woollens in 1869.....	1,008,382
“ “ 1870.....	1,045,287
“ “ 1871.....	1,457,476
Iron and Hardware in 1869.....	319,725
“ “ 1870.....	354,934
“ “ 1871.....	466,525
Silks and Satins in 1869.....	158,568
“ “ 1870.....	192,185
“ “ 1871.....	305,995

I will not weary the House with further details, but under the 19 heads of revenue the collections were—

In 1869.....	\$6,827,754
In 1870.....	7,758,308
In 1871.....	9,301,945

I may state that consequently more than one half customs revenue is derived from 5 sources, viz: spirits, tea, sugar, molasses, cotton, and woolen manufactures, and that those articles gave

In 1869.....	\$5,318,145
In 1870.....	6,035,256
In 1871.....	6,933,382

As I said before, I readily admit that I would not have ventured to anticipate such increases as these, or to have come down to this House with an estimate calling upon them to vote money calculated upon such an increase. With regard to the savings upon expenditure it will be found that, as usual, the principal saving is under the head of Public Works. There is always great difficulty in estimating with anything like exactness the amount that can be expended in a year, and I have no doubt that my honourable colleague, the Minister of Public Works, will endorse the statement made a few weeks ago by the same distinguished statesman to whom I have before referred, on this point. When accounting for deficiency of expenditure, he said, “it was chiefly due to buildings, the expenditure on which is necessarily very uncertain. A number of things prevent us going on with buildings as fast as we expect, all sorts of obstacles must arise.” The charges on revenue were \$165,000 less than the estimate, and the Militia expenditure, \$160,000. I need not go further into the minor items, as they will all be found in detail in the public accounts. I now come to the consideration of the revenue for the current year, and it is satisfactory to be able to state that notwithstanding the reductions of last year, which we may assume at about \$800,000, the revenue will be rather in excess of the last, even making allowance for British Columbia. I estimated the Customs revenue at ten millions, which I considered at the time a very full estimate. It will reach \$12,500,000, when I state that, notwithstanding the great

increase of 1871 over 1870, the increase in 1872 will be \$220,000 in woollens, \$130,000 in cotton, \$25,000 in wines, \$75,000 in spirits, it may be expected that when British Columbia is added, that we have made a safe calculation. The Inland Revenue will give \$250,000 above the estimate; the Public Works, \$200,000; Post Office, \$80,000; Stamps, \$30,000; Miscellaneous, \$150,000; or in round numbers, \$3,240,000 above the estimate; giving an aggregate revenue for the current year of \$20,050,000 (hear, hear). It is satisfactory to say that not only in Customs and Excise, but in all branches there has been an increase. In the statement which was submitted to the House of the expenditure up to the latest moment for which the return could be made, the 31st March last, it will be found that there was an expenditure up to that time of \$11,620,695. The estimated expenditure to the close of the year is not likely to exceed \$4,874,838, giving \$16,495,533 for the whole year. To this must be added the supplementary estimate for the current year which I have laid on the table which will amount to \$438,999 chargeable against Revenue, and \$250,000 for the Pacific Railway Survey. I may observe that of the charges against revenue in the statement sent down, the principal items are \$35,000 for Indian annuities under recent treaties; \$50,000 for losses, in Manitoba; \$70,000 for Surveys, and \$35,000 for the Manitoba Expeditionary Force. The aggregate expenditure for the current year is not likely to exceed \$17,040,695, and I therefore venture to anticipate a surplus for the present year of, \$3,115,467 (cheers). I now approach the consideration of the year which is to come and can only say that in framing my estimates, I have taken all the care in my power to arrive at correct conclusions. I need scarcely say I have consulted my colleagues the Ministers of Customs and Inland Revenue, who are at the head of the departments which furnish the bulk of the revenue. I feel I am justified in estimating Customs at \$12,500,000; Inland Revenue at \$4,625,000; Stamps at \$200,000; Post Office \$700,000; Railroads, Telegraph lines, and Manitoba road \$1,030,000; Canals and other works \$580,000; Miscellaneous \$1,000,000; giving an aggregate revenue of 20,630,000 dollars. I shall refer very briefly to the Estimates. The aggregate amount is \$29,675,460, but from this must be deducted the amount required to meet reduction of debt, \$92,234, and capital expended on proposed public works, amounting in the

aggregate to \$10,042,734, leaving estimates chargeable against Consolidated Revenue Fund 19,632,726 dollars. I might, therefore, fairly contemplate a surplus next year of about one million, were it not that my experience leads me to anticipate supplementary estimates, which I hope, however will not be excessive. I do not intend to comment at any length on the Estimates. I feel assured they will be scrutinized with great care by gentlemen opposite. I do not wish to enter into details with respect to items, because my hon. friends at the heads of departments, who had brought forward estimates and were more particularly responsible for them, will be prepared to vindicate them better than I can do; but at the same time I would remind the House that for many years, when the revenue was scarcely sufficient to meet the expenditure absolutely necessary, a great part of the public service was literally starved. It is now a fitting time when our finances are in a more prosperous condition, to come forward to erect those necessary public buildings which in various parts of the Dominion are absolutely essential (hear.) The Public Works estimate may appear large by comparison of the aggregate amount with former years, and it may be admitted that if any difficulty should arise, many buildings and works might be postponed, but I hope and believe that the House will concur with the Government in thinking that when the revenue is sufficient to meet the charges upon it, they ought to seize the opportunity of erecting buildings very much required for the public service. There is another point to which I wish to refer. In the estimate for Public Works are included a number of items which, though charged against the current revenue of the year, will produce an income and entail no burden on the country, such as harbours and other works. The lighthouse service is no doubt a heavy charge, but it must be borne in mind that every individual in the country is interested in this service by which the navigation is improved. We are competing for the trade of the Great West, and cannot succeed if we neglect what is essential to success. The Gulf and River St. Lawrence has had a bad name in days gone by. Insurance rates were high and freights, of course, high in proportion. My hon. colleague the Minister of Marine and Fisheries, is thoroughly alive to the wants of the trade, and I can state from my own knowledge that several of his proposed works would have been in former estimates, but that we did not

think it right to increase that branch of the expenditure too much. The Minister of Agriculture had also made large demands, but I believe there is no expenditure more likely to be reproductive than that which is incurred for the promotion of immigration. My hon. friend has entered into this work with zeal and energy and he will be able no doubt to account for the expenditure in a manner satisfactory to the House (cheers). I feel that I would not discharge my duty on the present occasion if I were to abstain altogether from entering into the subject of the very large prospective demand for Public Works, and its bearing on the public revenue and expenditure. It would be a dereliction of duty in a Minister of Finance to abstain from all reference to a contemplated expenditure of no less than forty million of dollars, involving an addition of fifty per cent to our debt. I own, however, that I approach this subject with some hesitation and reluctance, owing to my unwillingness to make any reference in a financial statement to a question of the gravest political importance and which has not yet been discussed in the House. I refer of course to the Treaty of Washington, but especially to the arrangement made with the Imperial Government for an Imperial guarantee for a portion of our anticipated loan. I shall endeavor as far as possible to avoid discussing those branches of the question which have no bearing on Finance, but I cannot, entertaining views which I do, avoid submitting them for candid consideration of the House on this occasion. It is now apparent to the House and public, that the Imperial and Canadian Governments were not for many months in a state of accord on the subject of the Treaty of Washington. I have no doubt that we on this side have been charged in England with great selfishness, with utter disregard of any interest but our own, while on the other hand, we have been inclined to think the Imperial Government and the people of England generally have shown little zeal in the defence of our rights. I have always thought it exceedingly unfortunate that our fishery disputes were mixed up with the settlement of important Imperial questions, which were the principal object of the Washington Treaty (cheers). I am bound to say that I, with others, felt deep regret when the First Minister was invited to sit on the Commission at Washington. But whilst feeling that regret I had no doubt whatever that it was absolutely impossible for him, in the interests of the country to

take any other course than accept that position. A refusal to serve would have been taking grave responsibility while in accepting the position he ran the risk of giving dissatisfaction to many of his countrymen. I shall not dwell on this branch of the question, I want to approach the financial branch of it. We are charged day after day with selling our rights for a mess of pottage (cheers from the opposition) and no efforts have been spared to depreciate the value of the concession which has been made to us. It ought not to be lost sight of that England had very considerable interest in the settlement of this dispute about the fisheries and it is a mistake to suppose it is exclusively a Canadian question. What would our fisheries be worth without the protection of England, and we know perfectly well that England had to employ a very considerable force year after year for their protection and further that there has been constant danger of collisions that might have led to very serious consequences. It is also well known that trespassers on our fishing grounds have been taught by men of considerable political influence that they have a perfect right to fish in our waters and that they ought to enforce this right in the best way possible. We cannot pretend to maintain that England exceeded her strictly constitutional powers. She made a treaty which required the ratification of Canada in all points which affected Canadian interests, and this Parliament is free to accept or reject the arrangement which has been entered into. What, however, should be constantly borne in mind is that by rejecting the treaty Canada would have placed herself in antagonism not to members of the present Government alone, but to all leading statesmen in England. Prior to the question of consequential damages arising, all parties in England had accepted the treaty with satisfaction. Had we refused to recommend the necessary legislation what would have been our position? We should have placed ourselves in the position of refusing to accept an arrangement which England considered just, and we should have thereby increased the irritation which has long existed amongst the fishermen of the United States. Under such circumstances, is it certain that English public opinion would have sanctioned further protection of our fisheries? and had England declined to send a naval force, would not there be increased aggressions by United States fishermen? Can it be possible that the

opponents of the Treaty have considered the possible consequences of a refusal to carry it out, especially as its most prominent opponents are loud in their professions of attachment to British connection. I own that from the time that the treaty was ratified I felt that Canada was subjected to a pressure which I deplored but from which there was no escape. It was, in the judgment of the the Government, most desirable to avoid any misunderstanding with England, but at the same time to state frankly and boldly our grounds of complaint. We have been told of late that no question of money should have been introduced into the discussion. I am at a loss to know how the Fenian claims could have been settled without pecuniary compensation in some way direct or indirect (hear). But it is now said that an Imperial guarantee is of little value. The idea of asking money as a bribe was never thought of, but there was a claim on some one for Fenian losses and the Imperial Government recognized the fact that they had incurred a responsibility to Canada on that account. True, the admission was very guarded, and it is very doubtful whether any amount worth consideration could have been obtained. At all events the Dominion Government had not the slightest doubt that the best mode of settling these claims was by guarantee, and they deemed it expedient to announce their intention of proposing the means necessary to give effect to the treaty concurrently with the proposal for a guarantee. Now it is with reference to the value of the guarantee not only in itself, but also as a means of securing the construction of our great public works that I desire to speak. I wish in the first place to endeavour to remove the misapprehension that prevails very generally as to the reduction of the amount proposed by us. Justice has not been done to England, simply because circumstances wholly unforeseen prevented an arrangement that would have been quite satisfactory. It is possible that some may have thought that we would get the four millions without any difficulty. For my own part I never imagined that we would get a guarantee of four millions in addition to the fortification guarantee. I knew that one member of the Imperial Parliament had given it as his opinion that the fortifications guarantee would if Canada desired it, be transferred to the Public Works. I do not know what others may have thought, some of my colleagues may have thought that we would get the four millions, and the fortification loan also, and my hon. friend the Secretary of

State for the Provinces, no doubt imagined that we should get nothing at all. His dissatisfaction was very great, and I own that I would have felt a great deal more dissatisfaction than I ever have done if I had imagined it possible that the proposition we made would have received an unfavorable reply. Under the circumstances we have no right to complain of the reply, no right whatever. With reference to the question of fortifications I may observe, and I say it, because I know there are some that even yet suppose it would be desirable to erect fortifications, that it makes no difference whatever whether the money is given for public works or for fortifications. If the causes of misunderstanding between Great Britain and the United States should happily be removed, as we all hope they will be, there would be grave objections to the erection of fortifications just after the establishment of friendly relations. If at any future time fortifications should be required they would have to be built with our own means, [hear, hear]. I have said that while the negotiations were going on, circumstances occurred that rendered it simply impossible that either on the one side or the other, the question of fortifications should be touched. I believe that all parties in this House, as well as throughout this Dominion, when this extraordinary demand for consequential damages arose, sympathised entirely with Great Britain (hear, hear). Well, sir, as I am very sanguine, and every day makes me more sanguine that the clouds by which the horizon has been overcast are disappearing, and that all the difficulty which has unfortunately existed will disappear. I have no doubt whatever that we shall eventually get the full amount we desire. Now, sir, I come to the question of the value of this guarantee, and my own opinions differ most widely from any that I have seen in the public newspapers, either on the one side or the other, because I do not think that the value of this loan has been appreciated even by those newspapers which ordinarily support the present Government. I wish to give expression to my own convictions, and, I say, without hesitation that I do not believe there is a loan contractor in Europe or America who would not say that the view I take is correct. Sir, I say it is a complete fallacy to imagine that because at the present time our five per cent debentures and stock are at par, and occasionally over par, when we have had no issue of those debentures for some

years, and we ourselves have been large customers in the market, buying them up for the sinking fund, that if we put \$40,000,000, or 50 per cent of our debt, into the market we could obtain that amount at 5 per cent. We could not do it, and I say unhesitatingly that if we attempted to float a loan to that extent, we should do uncommonly well if we obtained it at six per cent. I ask what would be the state of English credit, great as it is, if Great Britain asked a loan of something like £400,000,000 sterling, or half her present debt? It might be impossible to obtain such an amount, though very large loans have been taken up for France within a very recent period. Hon. gentlemen on the other side must recollect that the customers for Canadian securities were a very limited class, and a very different class from those for English securities or United States securities or the securities of the Great European States. But if we went into the market for \$40,000,000, one half our own, and the other half guaranteed by England, and, with the prestige that England sanctioned our great public improvements, the advantage would be very great, so much so that I am persuaded that under those circumstances we should get our 5 per cent bonds floated at par, and therefore we should be able to float half at 4 per cent, and the other half at 5 per cent, or equal to 4½ per cent on the whole amount. This would therefore make a difference of 1½ per cent on the whole amount of \$40,000,000, equal to \$600,000 a year. I ask whether that is not a desirable arrangement, and whether it is not infinitely better than negotiating a Bill for Fenian claims, and encountering the danger of irritation on both sides, which must arise in the settlement of disputed claims. Well sir I admit that exception may be taken to this calculation on the ground that I base my statement on getting £4,000,000. but though my own opinion is strong on that point. I maintain that even with the £2,500,000 we have made an infinitely better arrangement than we could have done in any other way. According to my calculations I estimate that the total charge incurred as interest on the new debt necessary to construct our great public works, including ½ per cent for sinking fund, will be two million dollars. I must not lose sight of the fact, however, that the first estimate for the Pacific Rail-
 was \$25,000,000, which was a mere approximate estimate based on an assumed mileage, and that it may have to be increased to \$30,000,000, and taking that increase and the balance of the Intercolonial Loan

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and other items into consideration, it is safe to calculate that the whole amount of contemplated expenditure will give an increased charge of three million dollars. It must, however, be borne in mind that the great improvements of the public works and canals would considerably increase the revenue from those sources. In undertaking works of such considerable magnitude, it is important to see what is the state of the increase of the commerce of the country. Now, sir, that increase is really wonderful. In 1869 our total exports were \$49,320,000, while in 1871 they were \$55,151,000. The aggregate of exports and imports in 1869 was \$116,725,000, in 1871 \$142,098,000, or an increase of nearly 22 per cent. And when we come to the details of the exports, we find them most satisfactory. The produce of the Mines has increased from \$2,093,000 to \$3,221,000; of Fish, from \$3,242,000 to \$3,994,000; produce of the Forest, from \$19,838,000 to \$22,352,000; of Animals and their products, from \$8,769,000 to \$12,582,000, the latter chiefly owing to an enormous increase of exports of butter and cheese. There was a falling off in the exports of agricultural products to the extent of nearly four millions as compared with 1870, and nearly two and a half millions as compared with 1869. This no doubt was to some extent caused by the wheat and flour duties, as while American flour was admitted into Canada free, it was largely consumed in Canada, thus setting a corresponding portion of Canadian flour free to be exported, but when a duty was imposed, the Canadian flour was more largely consumed at home. Then the great increase in the produce of the forests from 19 to 22 millions must be borne in mind, for those branches of industry were very large consumers indeed of the products of the country, and so would tend to diminish the exports. The enormous increase in the exports of butter and cheese seems to indicate that the farmers are turning their attention more to dairy farming than to raising wheat. In offering an opinion however, on such subjects, I do it with the greatest possible diffidence, and rather with a view to elicit information from those much better informed than I can pretend to be. It is very satisfactory to know that the exports of our manufactures are increasing.—in two years there has been an increase of 25 per cent. A large proportion of the increase consists of sugar boxes which are exported to the West Indies. There is also another article which has made most wonderful progress during the last two years, I refer to sewing machines,

Of these the value of exports were \$170,000 in 1871; \$116,000 in 1870; and only \$60,000 in 1869. There was therefore an enormous increase in the two years. There is but one other branch of our export trade to which I shall refer, those articles which are not the produce of the Dominion. These have increased from \$3,855,000 in 1869 to \$9,853,000 in 1871. This is a most important fact, proving as it does the rapid increase of the carrying trade of the St. Lawrence.

Hon. Mr. MACKENZIE. What are the most important items of the increase.

Hon. Sir FRANCIS HINCKS.—I have not charged my memory with these items, but I imagine that iron was one very important item, railway iron, I should say. After the statements which I have made with respect to the charges that may be anticipated upon the revenue for public works, in the course of my explanation, I think that all must admit that it would be very dangerous to reduce the taxation, and we have no measures in this direction to propose, excepting a proposition to be made by the Hon. Minister of Agriculture to take off the capitation tax. This had amounted to under \$40,000 last year, and I have made allowance for it in my miscellaneous estimate. I am very far from saying that the tariff is a perfect one, or that changes might not be made in it with advantage to the mercantile community, but I think that the present would be a most inconvenient time to touch it. You must recollect that the Congress of the United States is in the act of considering changes in their tariff, and severe losses have been sustained by persons in trade owing to the fact of their not knowing of the changes likely to be made. I am told that the tea duties are to be repealed, but I really do not know what to expect. Already the Senate and the House of Representatives have passed bills to exempt tea from all duty. Notwithstanding this it is still doubtful whether any Bill regarding the tariff will pass this Session. I do not hesitate, however, to state that if the duties on tea are taken off in the United States, we must make some readjustment of our tariff, and in the face of the free importation of tea from the United States, we should have to abandon a revenue of something like a million, which we now derive from this source. Under these circumstances we have thought it better not to meddle with the tariff now, although there are several ameliorations in the interest of our manufactures that should be taken into consideration as early as possible. Last year I

took occasion to inform this House that Canada had risen in the scale of countries having commercial transactions with Great Britain from the eleventh to the eighth place, and it now is satisfactory to state that she has arrived at the sixth place [hear, hear], and that with the exception of the Netherlands, there is no country which takes so much of English goods, in proportion to her population, as Canada. With regard to the Netherlands I have been told that a considerable amount of her imports are re-exported. But if we look to other countries in the highest rank we shall find that Canada takes three times as much per capita as the United States, four times as much as Germany, five times as much as France, twenty times as much as British India, while China and Russia, although the quantities are large, are quite insignificant looking to their population. Now, Sir, I hold that looking at the prosperity of this country, and the vast increase which has taken place in commerce since Confederation, as indicated by the deposits in the savings banks, the increase in railways, etc. it seems to me amazing that there should be a single individual who would desire to change the condition of the country. This is a subject which may be considered as irrelevant to a financial statement, and I should not have alluded to it were it not a fact that most of those persons who are dissatisfied with the institutions of our country are so from dissatisfaction at our not having the power to make commercial treaties. I know that the great bulk of them are extreme protectionists, and the object which they have in view is to endeavor to place our trade relations upon a different basis; which it would be impossible to do so long as we continue our present relations towards the Crown. There is an idea that if we were independent we might enter into more intimate trade relations with the United States, might agree to a Zollverein, by which the goods of each country should be protected by a high tariff on foreign goods, and the complaint is that while we continue in connection with England we have no power to make treaties with foreign powers. All I can say is that we have the power to get every reasonable request that we can make urged with all the power of England; and I need hardly say that that would give us far greater power than we would have if we were independent. We could not expect that England would consent to a tariff that would put the manufactur-

ers of England in a worse position in our market than the manufacturers of the United States, and the knowledge of this fact has led some extreme protectionists to desire independence as the only means of accomplishing their object. It seems strange, however, that it has not occurred to those persons that under the commercial treaty in existence between England and the United States and which provides that the manufactures of England shall be admitted to the United States on the same terms as those of the most favored nations, it would be impossible for the United States to enter into such an arrangement with an independent State, and if this country were independent it would be necessary for her to enter into a commercial treaty with Great Britain which would contain a similar clause. The object then of the advocates of independence is unattainable by the means which they contemplate, and few of them, I hope, are inclined to recommend annexation, any agitations for which would, in my humble judgment, be neither more nor less than a civil war. I have now, Sir, completed my task, and I have to thank the House for the attention with which they have listened to me. (Loud cheers.)

Hon. Mr. MACKENZIE said that the speech of the hon. Minister of Finance necessarily called for some comment from his side of the House. They would recollect that last year the hon. gentleman had told them that the amount of debt which it would be necessary to incur in order to carry out the terms of the union with British Columbia would be \$25,000,000, he had increased it to \$30,000,000 a few days ago, and now he stated \$40,000,000 as the sum for which we should have to make provision in the future.

Hon. Sir FRANCIS HINCKS said most unquestionably, the total estimate for the extension and enlargement of the canals was \$15,000,000.

Hon. Mr. MACKENZIE had not previously observed that that amount was included in the \$40,000,000, however, the estimates for the canals could hardly be considered at present. The hon. gentleman had referred to the means by which the money was to be procured. They had asked the Imperial Government for a guarantee of £4,000,000 sterling, to enable them to carry out these works, and he had taken credit to himself and the Government for making so good a bargain, and the Imperial Government might yet be coaxed into giving the £1,500,000 they at present declined to do. He (Mr. Mackenzie) hoped no ministry would ever again go on

a begging expedition to the Imperial Government. He looked with loathing and disgust upon the course which had been pursued, and he looked upon the result as very humiliating. For some time the Government spoke in the strongest and most offensive terms to the British Government, with reference to our rights of property and the Fenian outrages, and he felt humiliated to think that while the American people were forcing the Alabama claims upon the British Government, we had a stronger claim on the United States for the outrages committed on our frontier, and yet our Government yielded to the policy of the United States. It seemed to him that the Government had looked upon the amount of money to be obtained, as the only consideration. The House was asked to receive an Imperial guarantee of £2,500,000 as payment of our Fenian claims and our rights to the fisheries. There was another claim which would have to be made, which he did not wish to refer to at present. Assuming that the guarantee would amount to \$120,000 a year, he was sure the country would not submit to such humiliation for twice that amount. We are able to pay our debts, and for whatever we require, even should the Imperial Government decline to aid us. It was known that the Imperial Government had set their face against any guarantee, and after asking for £4,000,000 and accepting £2,500,000, the House had been told it was a good bargain, and the Government had come down and asked them to receive that miserable pittance. He could not say how distressed he felt [laughter]. He would not, upon any consideration, be placed in the position of the hon. gentleman opposite, and his colleagues, who had placed the country in so humiliating a position. He regretted that a member of the Government, and another Member of the House should have expressed views which led other countries to believe that the people of this country look to a political change as the only satisfactory means of placing them in a better position. He shared the views of the hon. member for Bothwell, that a political change could only result in annexation to the United States. If in the course of years the people of this country should consider a change in the direction of independence desirable, he thought it could be achieved without the shedding of one drop of blood. In view of the present large surplus in the Treasury, and the increase estimated for the current year, he regretted that the hon.

Hon. Sir Francis Hincks.

Minister of Finance had not proposed a reduction of taxation upon certain articles that might be mentioned, as he did not see that there was at present any immediate expenditure of a serious kind to be provided for.

Hon. Sir A. T. GALT was sure the House and country agreed in the congratulations regarding the prosperous state of the country. He thought that, looking at the public works which it was proposed to undertake, the Minister of Finance was quite right in not dealing with the surplus. Although he felt sure that there would be a steady increase, he did not think the enormous revenue of the present would continue in future years. He hoped that, taking warning by the past, the country would not be led into more extravagant expectations of the future than circumstances would warrant. He deprecated the partial introduction by the Minister of Finance of the Washington Treaty. He thought it should be dealt with separately, and discussed on its merits. It was not fair to ask the House to express an opinion on only part of an arrangement. With regard to the concluding part of his hon. friend's speech, he (Sir A. T. Galt) thought as he proceeded, that he referred to a political change, but found that his intention was simply to point the finger of scorn at those who did not share the same political opinions as himself. He did not wish to terminate the connection with Great Britain recklessly or suddenly, and he was not prepared to say that we were dependent upon the Imperial Government, but so long as the connection lasted he was prepared to do his duty in all matters concerning the Empire. He proposed certain resolutions last year, and he thought many hon. gentlemen who requested him to withdraw them would now agree that we should have been in a better position to day, had he gone on with them. If the connection with England required that sacrifices should be made by Canada, let the Government come down and ask the House, and they would make the necessary sacrifice. He did not expect to be assailed by the Minister of Finance for holding the views he did. His hon. friend had denounced him as a protectionist.

Hon. Sir F. HINCKS said he referred to that class of persons who are advocating independence with the special object of having a Zollverein and free admission of American manufactures into this country, and our manufactures into the United States.

Hon. Mr. McDOUGALL was sorry to hear the observations of the hon. gentle-

man opposite in announcing the policy to which the Government were committed. He understood the hon. gentleman to say that it was utterly impossible for the United States to make arrangements with us for the introduction of commodities from that country on any better terms than from Great Britain. He thought there should be some arrangement between this country and the United States for the interchange of certain articles of manufacture, such as stoves, agricultural and other machinery adopted to this country. We should be emancipated from such an arrangement as the present, and negotiations should be entered into with the Mother Country with a view to obtaining freedom in our commercial arrangements.

Mr. JOLY quoted from the Washington Treaty correspondence to show that the Government had not used every measure and exertion possible to obtain a renewal of the Reciprocity Treaty.

AFTER RECESS.

Hon. Mr. BLAKE referring to the remarks made by the Minister of Finance on the subject of the Washington Treaty, regretted that the first Minister who had taken part in the negotiations had not seen fit to explain the events connected with the making of the Treaty, but should have left it to the Minister of Finance to make a sort of apology for the concession made on behalf of Canada. In looking at the financial aspect of the Treaty, he would preface his remarks by saying that he agreed with the honorable member for Lambton that it ought not to be a question of money at all, and he fully agreed with the Ministers of the Crown when they told the Imperial Government that the principle of a money payment was repugnant to the people of Canada. But if it was to be treated as such, if we were to be told that a sufficient price had been paid, then it became material that the figures of the honorable gentleman should be correct. He then entered into an examination of the figures to show that there would be no such difference between the annual charge payable under the guarantee, and that which would be paid if there were no guarantee. In any case it must be remembered that whether we borrowed under a guarantee or not, the country was pledged to repay the loan and interest, and it must be paid. We had to consider, also, that in carrying out the financial terms of the Treaty, it would be necessary for Parliament to take steps to reimburse the Province of New Brunswick in the

sum lost by reason of the repeal of the export duty on lumber. When that was done, it would be found to trench largely upon the profits from the guarantee. He had been told that a reasonable compensation for this loss would be \$100,000. However that might be there could be no doubt that the people of New Brunswick would have to be dealt with fairly, and it would involve a very considerable annual charge. He maintained therefore that the real diminution would fall far short of the amount claimed by the honourable gentleman opposite, so that the rose colored picture which the honorable gentleman had drawn this afternoon upon view of which we were called upon to sacrifice our feelings and sell our fisheries, was far from a truthful one (hear, hear).

Mr. CARTWRIGHT deprecated the mixing up of matters connected with the Treaty in this discussion, the more so as the financial statement made this afternoon was one which all members ought to regard with great gratification. We were all aware that fears had been entertained, when the Confederation scheme was under discussion, that the financial arrangements were likely to be a source of danger to our young nationality, and he, for one, was glad to find that those apprehensions had been more or less frustrated by the extraordinary expansion which had lately attended the commerce and resources of the country. He considered that this was not due to the Government alone, although he was willing to admit that they were entitled to some credit, but that all who supported the scheme of Confederation could also claim such credit. He thought that the Finance Minister had understated the extent of the liability which he was about to impose on this country for the future. The engagements likely to be assumed he stated at \$3,000,000. This represented about \$60,000,000 of capital, but considering the gigantic works that were about to be undertaken, he considered that in naming three millions as the amount likely to be added to the interest on our debt, the honourable gentleman had by no means estimated the probable result. He would again remind the House that the present remarkable expansion could not be expected to continue, as periods of great prosperity were almost inevitably followed by periods of depression; and he had condemned the financial arrangements of the Finance Minister, not because they would cause mischief at the moment, but that they had not made provision for the future disasters which might overtake us. He con-

tended the large increase in the Customs and Excise during the last three years amounting to \$6,000,000, was not likely to be maintained, it was more likely to be diminished. He considered that it must be attributed in a great measure to the state of things existing in the adjacent Republic. A very considerable portion of our revenue from woollens, silks, satins, &c., was in consequence of the great demand for those articles by Americans in the frontier towns, and he argued that there were peculiar reasons connected with that fact calculated to cause the revenue to increase more rapidly than it would under ordinary circumstances. As he had told the hon. Minister of Finance on a previous occasion, if he had been in Canada during the years between 1857-8 and 1865-6, he would have known that in this country above all others, periods of great prosperity were very apt to be followed by periods of depression, and that it was not wise to judge of the state of the public revenue by calculations made during a time when we were really spending a large amount of our capital.

Hon. Mr. MORRIS did not intend to speak at any great length, but he wished to refer to one or two statements of the leader of the Opposition. It was gratifying to find that that hon. gentleman took so encouraging a view of the position of the country. It was refreshing to hear him stand up and declare that we were in a position to pay our way. Everything was *couleur de rose* from the point of observation to-day. But it had not always been so, for the hon. gentleman was overwhelmed last Session with alarm, and had attempted to excite the public mind of the Dominion in regard to our financial condition. He had stated that the proposed engagements respecting the Pacific Railway would add to the burdens of the country one hundred millions. To-day how the scene had changed. To-day when the Government have informed the House that the British Government are prepared to help us in carrying out great public works he declares that we are too rich to accept such assistance (hear, hear.) The honorable gentleman last session threatened the House with an increase of taxation, in view of the construction of the Pacific Railway and other public works, but this year when we are asking our people to encourage these great undertakings and assist in developing the resources of our country, he attacks the Government because they are not prepared to recom-

Hon. Mr. Blake.

mend a reduction of taxation. He (Mr. Morris) had been amused at reading a speech made by the hon. gentleman before Parliament met last year in which he had pledged himself that no matter what Government came into power there would have to be an increase of at least five per cent in taxation. He would quote the words he had then used. The speech was made at London during a pilgrimage through the country and was as follows: He (Mr. Mackenzie) would like to give those present an honest and fair statement of the increase in our public debt, but he would tell them frankly that it was impossible for any man to take up the public accounts and ascertain the amount of that debt. We knew the amount that bore interest in England. We knew the amount of a certain kind of stock that carried interest in Canada; but that was about all. Our debentures of all kinds amounted to nearly 94 millions afloat, but Government knowing that there was an annual deficit, knowing that if they put on taxation to the extent necessary to meet the public requirements they would be called to account—sought to hide our indebtedness. He ventured to say, and he knew he would be able to prove the assertion when Parliament met, that if we were called on to pay all our debts since 1867, we would have to impose a rate of five per cent additional to our present taxation. Whatever Government came into power there was a serious financial difficulty before them, be they what they may." That was the forecast of the the honorable gentleman of the financial condition of the Dominion, and he had heard the reply to-day. He had heard that instead of there being a deficiency since Confederation there had been a steady increase of our revenue, and that now there was a large surplus in existence. He had told the people there that it was impossible for any man to form an opinion of what our debt was, intimating that the Government tried to conceal the true state of the debt; but when he came down to the House, he found out from the public accounts for himself what the debt was. He (Mr. Morris) liked honesty and fair play, but he would ask what sort of honesty it was that represented matters in such a light as that. The member for South Waterloo had also given some attention to the financial position of the country. From a paper published by that honorable gentleman on the resources of the Dominion, it would appear that he had no difficulty in finding out the debt from the accounts. The member for Lambton had told the

people that so great was the embarrassment in our finances, that the Government must come down and add five per cent. to the taxation of the country. But what was the result? Instead of adding five per cent., no less a sum than \$800,000 had been taken off last session, and notwithstanding that, the Government met the House with a large surplus, and with resources to justify them in undertaking the large works necessary in the Dominion. He (Mr. Morris) had thought it right to call the attention of the House to the changed position of the honorable gentleman. Right glad would he be if he found him in the future standing forward with those who desire to consolidate this Dominion. Right glad would he have been if instead of opposing every measure submitted to this House he had endeavored to stand by the party who have the weal and welfare of the Dominion heartily before them. But this pleasure was denied him, for he (Mr. McKenzie) had set his face against every effort to conciliate Nova Scotia, he had resisted the terms for the admission of British Columbia, and had opposed the construction of the Pacific Railway. He had resisted in every case measures that had been proposed and which time was proving to have been in the interests of the Dominion. He [Mr. Morris] would like to see the hon gentleman with his great talents working with those who hope to make this Dominion worthy of its position as a portion of the great British Empire.

Hon. Sir FRANCIS HINCKS said with reference to the statement of his having unnecessarily introduced the Treaty of Washington into his speech, that it must be admitted that under the circumstances it was utterly impossible for him in making his financial statement to avoid all reference to that Treaty, and with reference to the charges of his having omitted to mention necessary matters he could only say that he had endeavored to confine himself to the financial question as much as possible. As to the expression of regret of the hon. member for Sherbrooke that his resolutions of last year had not carried, that hon. gentleman must admit that they could not possibly have influenced the proceedings at Washington. The Canadian Government had no responsibility whatever in the matter of the Washington Treaty, and he believed the first Minister would have acted in the most dishonorable manner towards the Imperial Government if he had joined the Commission with the deliberate intention of not conform-

ing to the instructions he received from the English Government. There had been a total misconception on this point—there could not be two parties on the English side of the question, and the leader of the Government had been in no way a Canadian Commissioner. As far as the matter affected Canada, Parliament had now full power to deal with it. He then referred to the remarks of the member for North Lanark, on the subject of the West Indies Commission. He was acquainted with the sentiment of the people of British Guiana, and it was only just that he should point out the absurdity of the propositions put forward by some of the people of Canada. The great part of the revenue of British Guiana was derived from duties on a few principal articles, such as flour and salt, fish and others produced in Canada, while a large proportion of the Canadian revenue was derived from duties on sugar, which was produced in British Guiana, and it was therefore impossible to carry out the suggestion that those articles respectively should be admitted into the countries free, without seriously affecting the revenue of both countries. He would now refer to one or two remarks of the member for West Durham, who had alleged that he [Sir Francis] had admitted a discrepancy of views between himself and his colleagues. There was no such discrepancy, for as to the remarks of the hon. Secretary of State for the Provinces, which had so often been called in question, he believed there was no more loyal man in the House than that hon. gentleman, and no one more attached to British connection. That gentleman might have expressed his views strongly, but they tended in an entirely different direction from independence or annexation.

Hon. Mr. HOLTON—He only improved the impossibility from his point of view of continuing the connection.

Hon. Sir FRANCIS HINCKS—Nothing of the kind. There were a number of persons who held opinions in regard to a reorganisation of the Empire, and who believed that better relations might be established by which the colonies would have a larger voice in the conduct of Imperial affairs. He must admit that such sentiments were largely entertained, but he did not believe they could be carried out, and he believed that was the direction in which the remarks of the Secretary of State for the Provinces had pointed. The member for Lotbiniere had seemed to imagine that Canada could frame a commercial policy entirely irrespective of the

Imperial Government, and he (Sir Francis) had endeavored in his previous remarks to show how impossible such a course was. As to the remarks of the member for Lennox he did not believe there was any danger of the evils he apprehended. Of late there had not been any great extension, many public works had been promoted, but there had been no large introduction of foreign capital, and there were no indications of the danger against which the honorable gentleman was so constantly warning them.

Hon. Mr. HOLTON said the Minister of Finance having repeated a proposition that the the Prime Minister went to deal with Canadian matters as an officer of the Imperial Government, and with no responsibility to that House, he must say that he held such a statement to be altogether absurd, and in his judgment it was disrespectful to the House that such a grave question should be introduced by a side wind in the Budget Speech. He did not doubt that there had been a direct intention to draw out the House, but it had not succeeded. He would not speak on the matter until the question had been placed before the House by the Prime Minister, but that hon. gentleman would not take the ground of the Minister of Finance.

Hon. Mr. BLAKE rose to explain that his mention of a difference of opinion between the Finance Minister and the other members of the Government had reference to the statement that he (the Minister of Finance) regretted deeply that the First Minister had been asked to join the Washington Commission, and that he regretted that the fishery question had been mixed up with Imperial matters, opinions entirely at variance with the expressed views of other ministers.

Mr. YOUNG referred to the remarks of the Minister of Inland Revenue, and maintained that the statements he had quoted from speeches of the member for Lambton were correct. He quoted from the statistics of the previous years referred to by the member for Lambton to show that there really had been deficits, and that the exact public debt could not be ascertained. He was rather amused to hear the Minister of Inland Revenue claim that last year they had reduced the taxation by \$800,000. For in the first place that reduction was chiefly made by the House, and in the second it had only been put on in the year previous. Though there might be a surplus now no credit was due to the Government, and the secret of the increased revenue lay in the immense importations of foreign goods.

Hon. Sir Francis Hincks.

He regretted that Government should rush into expenditure just as fast as the revenue increased. That increase could not be depended on, and it would probably be found that in years to come the expenditure could not be reduced while the revenue might decrease. He referred to the expenditure each year since Confederation shewing an increase of some four millions in the four years that had expired, while this year a further increase of between two and three millions was proposed. He looked to the future with considerable alarm. As to the statement of the Minister of Inland Revenue that he (Mr. Young) had ascertained the public debt, he might say that the figures were not his, but those of the Auditor General, and doubted whether it would be possible for any one not initiated to find out the public debt from the public accounts. The debt that had been mentioned did not include the debts of the different Provinces, which would greatly increase the amount. At any rate the public debt had of late greatly increased. He referred to the Pacific Railway, and believed that \$50,000,000 would be absorbed in that work, but the amount proposed, \$30,000,000, would increase the public debt to \$157,000,000. The burden now being incurred would in a few years be very deeply felt. He had no faith in the statement that the railway would cause no increase of taxation. He could shew the House a statement shewing how greatly expenditure had increased under the management of the hon. gentleman opposite, and he instanced items in which such increase had occurred, which he considered altogether unreasonable, and stated that the Marine and Fisheries shewed a most lavish expenditure. It had happened on both occasions of the present Finance Minister being in office, that the most lavish expenditure had taken place, and referred to the serious results that he said had followed the action of that Minister in former years, when there had been deficits for seven consecutive years. The hon. gentleman had landed in Canada when another large expenditure was about to take place, and feared similar serious results.

Mr. WORKMAN [Montreal] had heard the financial statement with very great satisfaction indeed. He had feared that the country was going to be sunk in debt, but the fear had now been removed from his mind. He was glad to hear there was to be no increased taxation, but that the great public works could be carried out on the present taxation, and he was sa-

tisfied with the position the Dominion was assuming before the world. The House and country ought to be proud of the statement of the Minister of Finance, but he trusted the Government would be guarded in the proposed large expenditure. A very great amount of borrowed money was being introduced into the country and difficulties in future years were very possible. He could not but approve however of the proposed canal enlargement which was a matter of the very greatest consequence.

Hon. Mr. TILLEY said there was no doubt that the view of the member for Montreal would be very much appreciated, and that every one would admit that the expenditure should be kept within the means of the country. He maintained that the actual increase of the revenue of the past years since Confederation, taken in connection with what might fairly be counted on in the future, fully justified the proposed expenditure, stating that an increased population of a million during the next ten years, would of itself place an increased revenue of four millions at the disposal of the Government. He believed that the amount named by the Finance Minister as being gained by means of the Imperial guarantee was very much below what would really result. Referring to the hon. member for Lambton, he remembered how the hon. gentleman, two years ago, pointed out the lamentable condition the country was likely to be in, and said some severe things, for which he afterwards apologized, but to-night they had heard him speak of the prosperity of the country, and our ability to carry on any necessary works without the aid of an Imperial guarantee. His hon. friend on the opposite side of the House had referred to the increased expenditure of the Dominion, and stated that the interest on the debt had increased \$600,000 since 1867; but he had not taken into consideration the debts of the provinces assumed by the Dominion since that time. By referring to the comparative statements published, it would be seen that the result was quite different to that stated by his hon. friend. The hon. gentleman complained of the expenditure of the Post Office Department, Public Works and Railways. He would ask how the postal accommodation between the provinces forming the Dominion, particularly the North West and British Columbia, could be improved without increasing the expenditure. A great many miles had been added to the Government Railways, and the increased amount in the

estimates now before the House was to enable them to extend their railway accommodation, and the revenue was in excess of the estimated expenditure. With reference to the increase in the expenditure of the Civil Service, he had explained last year, that the Engineers whose salaries were previously charged against Public Works, had been transferred to the Department of Public Works, and still that department did not show any increase. Similarly the Adjutant General's Department had been transferred to the Department of Militia, and yet the expenditure of that Department was not so much as in 1867. Of the increases last year \$8,000 was the salary of the Lieut. Governor of Manitoba, and \$14,000 for Post offices in the cities of Montreal and Quebec and other places, and by deducting those amounts, it would be seen that there was no increase over the previous year. He would like his hon. friend to point out the figures, and show where they could not be justified; any increase would bear the most rigid investigation and scrutiny. The hon. gentleman had referred to the lighthouse service and the increased cost thereof. He (Mr. Tilley) felt sure that there was no service in the country which would be more cheerfully sustained, and appropriations made for, than that which would light our coasts and make navigation sure, thereby saving risk—and reducing the rates of ocean freights and insurance. He was satisfied that the revenue and surplus for the next ten years would be sufficient for the execution of the public works foreshadowed by the Minister of Finance. Even if there should be a reaction in the commercial prosperity of the country, the population was increasing at the rate of two and a half per cent, and if the revenue did not increase proportionately, there would still be more than sufficient, with the surplus, to pay the interest on the liabilities and supply the wants of the country. He agreed with the hon. member for Sherbrooke that the Minister of Finance was quite right in not dealing with the surplus, as the country will be in a better position to meet all liabilities promptly, and he could see no fear whatever of difficulty arising out of the undertakings mentioned by the Minister of Finance.

Hon. Mr. MACKENZIE spoke in the strongest language of the Speech of the Hon. Minister of Inland Revenue, and referred to the course which he (Mr. Mackenzie) had pursued with regard to the subsidies to the various Provinces. He did not look with serious apprehension to

Hon. Mr. Tilley.

any great national calamity, but the financial policy of the Minister of Finance was calculated to bring on commercial depression.

Hon. Mr. CHAUVEAU explained the policy of the new born National Party of the Province of Quebec, and showed that the hon. member for Lambton had given that party a most severe rebuke, having denounced the platform on which all their hopes are based.

The House then went into Committee of Ways and Means, Mr. Street in the Chair—Reported and asked leave to sit again.

Hon. Sir J. A. MACDONALD moved the second reading of An Act to amend the law relating to the fraudulent marking of merchandize. He explained that it was an adaptation of the English Statute on the subject passed in 1862. The reason for the introduction of the Law was that a failure of justice had occurred in a late trial at Montreal where a person had been indicted under the Law as it now stands.

Hon. Sir JOHN A. MACDONALD moved the second reading of the Bill, "An Act to make provision for the continuation and extension of the Geological Survey of Canada, and for the maintenance of the Geological Museum.

Hon. Mr. MACKENZIE had observed in the estimates, that in addition to the increased expenditure for this service, there were special votes for large amounts, and he moved to know whether such was necessary. He thought the vote of \$45,000 was intended to cover all expenses.

Hon. Sir JOHN A. MACDONALD—in the absence of the Secretary of State for the Provinces, said the vote was intended to cover all the expenses, but that he supposed the additional sum asked for was an exceptional vote for British Columbia.

An Act to correct a Clerical Error in the Act relating to Banks and Banking, and to amend the said Act, was read a second time, and referred to the Committee on Banking and commerce.

An Act respecting the public debt and the raising of loans authorized by Parliament was read a second time.

The House then went into Committee to consider the following resolution which was adopted :

Resolved.—That it is expedient to indemnify the Members of the Privy Council, the Auditor General, and all other officers and persons concerned in the issue of a Special Warrant by His Excellency the Governor General, upon an Order in Council made 17th October, 1871, under the provisions of the 35th Section of the Act 31 Vict., cap. 5, for the advance of the sum of one hundred thousand dollars to meet the expenditure on account of the Expeditionary Force which was or-

dered to be sent to the Province of Manitoba, or in the expenditure of \$62,150.72 for the said purpose out of the said sum of \$100,000.00, detailed accounts of such expenditure having been laid before Parliament, and all the requirements of the Act aforesaid in the premises having been duly complied with.

Also,—

A resolution declaring it expedient to amend and consolidate, and to extend to the whole Dominion of Canada, the Law respecting the inspection of certain staple articles of Canadian produce, which was adopted.

An Act to amend the Act regulating the issue of Dominion Notes, was reported by the Committee.

House adjourned at 10.30.

SENATE.

WEDNESDAY, 1st May, 1872.

The SPEAKER took the Chair at 3 p.m.

PETITIONS.

Hon. Mr. HAZEN, from Committee on Standing Orders and Private Bills, reported favourably on following petitions:

Of the Western Assurance Company; praying for certain amendments to their Act of Incorporation.

Of the Northern Railway Company of Canada; praying for an Act to consolidate into one lease, the present leases of the Toronto, Simcoe and Muskoka Junction Railway Company, and the North Grey Railway Company.

Of A. G. P. Dodge, of Township of West Gwillembury, in the County of York, Province of Ontario, and late of the City of New York, praying for an Act of naturalization.

Of Messrs. Gooderham and Worts, and others of the City of Toronto; praying to be incorporated as "The Mail Printing and Publishing Company."

Of the Hon. David Lewis Macpherson and others, of the City of Toronto, and elsewhere in the Dominion of Canada; praying to be incorporated as "The Inter-oceanic Railway Company of Canada."

Of Wm. L. Forsyth, and others, praying to be incorporated as "The Auticosti Company."

Of "The Canada Southern Railway Company," praying for power to construct a Railway Bridge over the Detroit River, at or near the Town of Amherstburg; and also, to construct a Railway Bridge over or a Tunnel under the St. Clair River; that two companies may be incorporated for these purposes, to be called respectively, the "Detroit River Railway Bridge

Company," and the "St. Clair River Railway Bridge and Tunnel Company;" and that the Directors of the Canada Southern Railway Company be the Provisional Directors of the said Companies.

Of George Laidlaw, and others, of the City of Toronto; praying to be incorporated as the Lake Superior and Fort Garry Railway Company.

Of J. McGaw, and others of the Cities of Montreal, Toronto and Kingston, praying to be incorporated as "The Inland Marine and Fire Insurance Company of Canada."

Of R. Jas. Reekie and others, of the Dominion of Canada, praying for the passing of an Act to authorise them to construct a Railway westward, from Lake Nipissing through Fort Garry to British Columbia, with a terminus on the Pacific Ocean, and for other purposes.

DIVORCE.

Committee on Standing Orders and Private Bills having reported that rules had been complied with in case of petition of J. Robert Martin.

Hon. Mr. CAMPBELL introduced a Bill for the relief of same.

Second reading 16th May, when petitioner appears at Bar of House.

PRINTING.

Hon. Mr. SANBORN presented two reports from the Joint Committee on Printing. Consideration on Monday next.

REVENUES.

Hon. Mr. BUREAU referred to the necessity of having, in accordance with the notice which he had given for an address, a detailed statement of the revenue arising from duties of Customs and other revenues of every kind proceeding from each of the Provinces of the Dominion of Canada, from the Union, or from the admission of the Province into the Union, until the 30th June, 1871, and of the expenses of collection of such revenues, distinguishing the articles imported and exported and the duties paid thereon, in each of the said Provinces, from the said dates to the 30th June, 1871, and the corresponding expenses of collection of such duties to the said date. He then withdrew his motion.

GEOLOGICAL SURVEY.

Hon. Mr. MACFARLANE asked whether the Report of the Geological Survey will be submitted to Parliament and when?

Hon. Mr. CAMPBELL—In a few days.