



# BUDGET SPEECH

DELIVERED IN THE HOUSE OF COMMONS OF CANADA,

ON TUESDAY, THE 14th APRIL, 1874,

BY THE

## HON. R. J. CARTWRIGHT,

MINISTER OF FINANCE.



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The House having resolved itself into Committee of Ways and Means, Mr. SCOTCHERD in the chair,

Mr. CARTWRIGHT rose and said:—Mr. Chairman, before proceeding to discuss the minor details of the budget, I desire to say a word or two as to the position in which the Government finds itself placed on this occasion. Sir, we have not only a new Government meeting a new House, but, as is well known, a large portion of the Government is composed of gentlemen who, like myself, have had no special official experience, and we find ourselves at the very commencement of our career confronted with difficulties of no small magnitude, of which I will take leave to say that the financial difficulties are not the least prominent or the least embarrassing. (Hear, hear.) Now, Sir, there is this peculiarity about the position of the Government. As every one knows, the policy of our predecessors, particularly on financial questions, was one to which every member of this Government, without exception, so far as my recollection serves me, was resolutely and determinedly opposed. (Hear.) Briefly our general position is something of this nature. We find that the resources of the Dominion are amply adequate for all the ordinary legitimate calls which can be made upon it; but we

find also that we have been committed to a great series of projects, of which, whether they are well or ill conceived, I shall only say at present that they are of a nature to tax the resources of this country to the utmost. (Hear, hear.) The Government are quite prepared to assume responsibility to the fullest extent for any act of their own; but they are not disposed to assume, nor will they assume, nor will their supporters or the country at large expect them to assume, any responsibility for acts of their predecessors against which they protested to the utmost, which they opposed at every stage from their inception onward, and for the results of which they have now to provide. For the measures we may have to bring down for the purpose of repairing these previous errors, (if errors they are,) we are undoubtedly responsible; but I repeat that for the measures themselves, and for the results of those measures, with which the House is now, I may say for the first time, fairly confronted—for these measures, I say, we admit no responsibility. (Hear, hear.) I do not, however, wish it to be at all understood that the Government, while they contend that they are not morally responsible for the results of these measures, thereby mean to imply that they are not bound to carry out to the utmost any pledge made by their predecessors. It is our desire, Sir, to fully respect those pledges; but I must put one reservation on this statement, and that is that respecting pledges made by others, we must not ourselves be expected to make promises which we do not see our way to perform. All we can do we will do, but we will not imperil the whole future of this Dominion. We will be content to go as far in these matters as the finances of the country will justify, but, we must not be asked to go further. (Hear, hear.) One word more. The House is aware only four or five months have elapsed since the present Government took office, and I may add, that of these four or five months, we have scarcely been able to give at the outside more than two months to the special measures with which we found ourselves charged, owing to the double election to which most of us were subjected. Therefore, it is not possible that on minor points, I should be able to speak as confidently as I would hope to have done, had a few weeks more been placed at my disposal. It is obvious that the cir-

circumstances at which I have just glanced will impose on us the duty, on this occasion, of reviewing the position of the country a little more minutely than we have been in the habit of doing. We must understand distinctly, and the public at large must also understand, not only what is the present financial condition of the country, but we must comprehend something of the present resources of the country, and of the engagements we have incurred, and then consider how we can best and most easily meet them. I must admit that there is very considerable difficulty in our way in doing this. Whatever the cause may be, there is no doubt the statistics of Canada are not so complete and perfect as we would desire. There are many things we ought to know, of which these statistics do not inform us; therefore any calculation which I may venture upon this occasion, for which I have not official statistics, I desire to be regarded as approximate only, though I venture to think they will be found to be not far from being substantially correct. I am not able to make pretension in all cases to minute accuracy, but still there are certain broad facts, well understood and well established, which will suffice to lead us to tolerably correct conclusions, both as to our general resources, and as to the nature if not the full extent of the various engagements with which we have to grapple. Now, sir, I propose, in the first place, to review the financial position of this country during the year which terminated on 30th June last. I have caused to be prepared, for the convenience of the Committee, a statement of the several yearly receipts and expenditures since we entered upon Confederation. I may remark of this statement that it does not include the receipts or expenditure for Prince Edward Island, with the exception of the sum of \$100,000, which was included in the supplementary estimates for the purpose of defraying the cost of organization, so called. I am not going to delay the Committee very long with respect to the year 1872-3. There is not a great deal in respect to that year to call for comment at this moment, except it be this—I am afraid 1872-3 will be known for some time to come as the last year of plenty—I was going to say of heedless plenty. If the Committee look at the comparative statement of receipts and expenditure, they will see that while the

receipts for 1872-3 were \$20,813,469, the expenditure for the same year was \$19,174,647, leaving a net surplus of something over \$1,600,000—a very satisfactory result it must be admitted on that year's proceedings. Moreover, although the apparent increase in the receipts of 1872-3 was not much in excess of 1871-2, it is fair to state that owing to the reduction on the tea duties the real increase was more than the apparent increase, and the progress of the country was still substantially increasing during that period. There were, indeed, one or two facts which might reasonably have attracted more attention than they did. If hon. gentlemen will cast their eyes down the column of expenditure they will see there has been an enormous increase in the charges for collection of revenue on public works, while the receipts, as they will find by the other side of the statement, have not been nearly relatively so great. They will see, also, that public works chargeable to income have almost exactly doubled, as compared with 1871-2, and further, that the proportionate increase in our expenditure was greater than the increase in the revenue, even taking into account the loss on the tea duties, to which I have alluded. Nevertheless, up to the 30th June, 1873, we still continued, as I have said, in the possession of a considerable surplus; but after that date the policy of the late Government began to come into play. If the Committee will glance at the estimates for 1873-4, which, be it remembered, were made without reference to the Island of Prince Edward, they will see that the excess of the previous year was turned into a deficit of over \$846,000; and if the Committee will go back a little further, to the year 1869-70, they will see that during these four years, while an enormous increase had taken place in the revenue—an increase really much larger than it appears to be in the statement, as I shall presently show—not only had the expenditure gone on increasing in like proportion, but according to the estimates to which I have alluded, provision had to be made for a large deficit. In other words, the actual results of the policy of the Government, begun in the year 1869-70, and carried on, according to their own showing—because the figures are not mine; they were brought down by my predecessor—in four years converted a surplus of

four millions of dollars into a deficit of nearly one million. And this, I shall show, is actually a much more favourable statement for those gentlemen than the real state of the case would warrant, without mentioning that this occurred in the face of a steadily increasing revenue. (Hear, hear.) I do not know that in the whole course of my reading—not very extensive, perhaps—I say I do not know of an instance in which a Government, having had such a windfall of prosperity, succeeded, in four years, in turning a surplus of four millions into a deficit of one million in the face of a progressive revenue—(hear, hear)—and I must also add that that increase meant a great deal more than the Committee might readily suppose from the bare figures. If the Committee will look at the expenditure for the year 1869-70, they will see that deducting what is known as the fixed charges—that is to say, the interest on the debt with the contingent charges, the subsidies and the charges pertaining to the collection of revenue—it was rather under four millions of dollars. Consequently, the increase of income which took place between 1869-70 and 1870-71 represented more than double the then total expenditure for ordinary purposes, and nearly double the actual net revenue, or in short by the marvellous expansion of trade which then occurred, they had the benefit of a bonus of five millions a year, not to speak of further large additions. I desire to add, Sir, in addition to this, that they contracted engagements which, if pushed to the legitimate legal limit, would involve us in a debt of nearly two hundred millions of dollars, all told. That is to say that these gentlemen, besides more than doubling our usual ordinary expenditure,—apart from fixed charges,—had made provision for trebling the national debt of Canada. (Hear, hear.) I must say that what our honourable predecessors did they did quickly. (Hear, hear, and laughter.) I will add this, that their only rivals were themselves, for never in the history of Canada, except when they were in power—never except about twenty years ago when certain of those hon. gentlemen were concerned in a similar process, were anything like such large results obtained in so short a time. (Cheers.) Now, Sir, there is



one consolation, and so far as I know, it is the only one—that excessive folly is sometimes its best cure. It is safer to deal with those enormous errors than ones of a more moderate character, because I think every reasonable man must see that there are some of these engagements which it is morally and physically impossible for us to fulfil, at all events under the conditions stated. (Hear, hear.) I do not wish it to be understood that I condemn all their expenditure or all the projects to which they committed the country. Far from it, but still, I say that the expenditure was in many respects excessive and needlessly exaggerated. The legislation of last session added over one and a half million of dollars to the fixed charges of this country, in full view of the fact that we were pledged to one of the most gigantic schemes any country ever undertook, in proportion to its resources, and I say it was most reprehensible to allow of charges being incurred which practically involved a disregard of sacred treaty obligations—but in other particulars, I admit that a large portion of their expenditure was unavoidable, and that a large portion was expedient. It is not on the score of the expenditure itself, as much as because they undertook this expenditure, while at the same time they committed the country to obligations which none of us see our way to redeem, that I think they should be held censurable. (Hear, hear). It must be remembered that these additions to our fixed charges were almost all made when it was known that the project for the construction of the Pacific Railway by a Company had failed, and, therefore, that we were ourselves responsible under the terms of the treaty to complete the work. (Hear, hear.) I now desire to state briefly what our engagements are. We have still on hand the Inter-colonial Railway, for which I see my hon. friend the Minister of Public Works estimates three millions and a half of dollars will be required, all told. This, as we know, is a first charge upon us, which must be met prior to any other obligation. We have in addition to this, taken upon ourselves the task of effecting a large number of improvements on our canals, as well as other works, for which purposes a further sum of nearly twenty-five millions of dollars are estimated to be likely to be required in addition to the

estimates of 1874-5. This estimate corresponds with tolerable exactness with the estimate of Mr. Tilley, who stated it would require thirty millions of dollars to discharge these obligations. These are of themselves serious charges, but while I am bound to say this, I desire to say that a portion, at any rate, of these canals may fairly be looked upon as a first charge, because so far as my recollection goes it was distinctly understood, at the period Confederation was entered upon, that a part of these canal expenditures should be incurred for the benefit of the Western Peninsula, at least I think that was the understanding, as stated by the right hon. member for Kingston and by the Hon. Mr. Brown; and, unless I am deceived, it was embodied in and made a part of the Quebec resolutions; but mighty and important as these enterprises may be, they sink into insignificance compared with the project to construct a railway three thousand miles in length through a country—a great part of it wilderness—of which we cannot say that we have effectually surveyed one-tenth part. Notwithstanding, the legal obligation is that we should, within seven years from this date, secure the completion of this gigantic undertaking. Now, as I have said, the position of the Government in this matter is undoubtedly one of great gravity. The strict legal obligation is, that we construct a railway nearly three thousand miles long across a country almost totally unknown and unsurveyed, and we are bound to this within a period of seven years. If it were possible for us, if there were any possible chance for us to fulfil this great obligation in that time, I say frankly it would be our duty to do so at any sacrifice. But I must also say that I believe, under the circumstances, it is utterly impossible that this could be done within the time and in the way specified, although I hope that we may succeed in advancing some scheme hereafter which may in great part effect what is desired. I admit, also, that it is only through stern necessity that the Government are justified in taking this position. But, I say that if the House will consider what the nature of the burden is, there will scarcely be a dissentient voice to the statement that it is physically and morally impossible for the Dominion of Canada to construct the railway in the time specified, if this really be demanded at our

hands. In order rightly to understand the real nature and extent of the burthen we would be required to take upon ourselves, it must be remembered that the lowest estimate for building the road to the Pacific is something over one hundred millions dollars, and this, too, on the supposition that a very much longer time would be given for the construction. I entertain no doubt that if it were incumbent upon us to push the line through within the time specified, (if this were possible,) the expense would be enormously increased, and that a moderate estimate would reach one hundred and fifty or one hundred and sixty millions of dollars. Every hon. gentleman who has had experience in these matters, knows that the cost of the construction of a work of this kind is largely enhanced if it be required to carry it to completion in a certain limited time. They well know, too, that there is great difficulty in carrying such a work through an unpeopled country, much of which, looking particularly to two sections of it, is a desert at least for arable purposes. Were we to undertake such a burden as this, I would simply say that our national debt in seven years would be relatively to our population just one-third greater than that with which the United States emerged from their great civil war, and if measured by the rate of interest required, it would be one-third greater than the huge national debt of England. In other words, if we undertook to fulfil this project according to the strict letter of the law the burden we would require to ask you to lay upon yourselves for this purpose alone would probably be equal to a new debt of seven hundred or seven hundred and fifty millions sterling imposed on the people of England, having regard to population, and the rates of interest we would respectively have to pay, for this is an important element in the calculation. (Hear, hear,) Were it the pleasure of the House to decide that the Pacific Railway must be completed in that time, it must also be prepared to take into account the sums required to be borrowed for other public works, and to redeem certain portions of the public debt; and at a moderate estimate over \$200,000,000 would be needed for all purposes. In other words, we would be compelled to go to the London market—for this is the only market practically open to us—as borrowers of \$30,000,000

every year for seven successive years. There may be hon. gentlemen in this House who think we would be able to do this, but if so, I envy them their faith in the future of the Dominion. (Hear, hear, and laughter.) Now, sir, I say that such a project, involving such a charge, is ludicrously absurd. I say nothing as to the cost of keeping open the road when built; but before I have done hon. gentlemen will be able to judge for themselves what *that* item would be likely to reach, drawing their deductions from the experience derived in the working of smaller railways, of which we are at present the fortunate possessors. Just now I spoke of our strict legal obligation; I desire to say one or two words on the circumstances under which this obligation was contracted, because I think they afford of themselves a pretty full justification of the action of the present Government. I must call to the minds of the older members of the House the debates and discussions which took place during the time our treaty with British Columbia was under consideration. They will remember that there was an exceedingly strong feeling in the House against some of the provisions of that treaty which, as we know, were carried by the smallest possible majority, very frequently by less than the aggregate number of Ministers having seats in the House. So very strong was the feeling, that it was afterwards determined that a certain resolution should be placed on the journals of the House, which indeed was actually done, and by which it was declared that, although we had committed ourselves to this claim, it was only on condition that the road should be made in a certain fashion, and that no excessive burden should be placed upon the resources of the country. I have also been informed that the British Columbia delegates were themselves consenting parties to the resolution. That, however, I do not know of my own personal knowledge. This I do know, that I myself called the attention of Sir George E. Cartier, the then Minister of Militia, to this extraordinary provision, asking him if he had communicated it to the Legislature of British Columbia. Some one of the delegates was then sitting beside the chair—I am not sure which of them, but I think it was Gov. Trutch. Sir G. E.

Cartier's reply was that there was no need to do so, because the delegates were fully cognizant of the whole matter, and were assenting parties thereto. And although I do not say we can or will dissent from the consequences of our legal obligations, I do say that at any rate the people of British Columbia had very fair notice of what the intention and meaning of the House was when these obligations were undertaken. (Hear, hear.) Now, Mr. Chairman, I come to the position of our financial affairs for the years 1873-4. As I have pointed out to the Committee, the estimated receipts of last year were \$21,740,000, and the estimated expenditure \$22,586,727, showing a clear deficit of not less than \$846,727. Now, Sir, there is a point in connection therewith to which I particularly request the attention of the Committee, because it is a matter which they cannot find out from the estimates or statements before them. I find that the probable actual expense for the year 1873-4, if all the items which Mr. Tilley demanded are expended, and the additional obligations which he incurred should also be put in force, will be (as the estimated expenditure should have been) something more than \$24,000,000. To the \$22,586,000 put down as Mr. Tilley's estimate we must add \$400,000 for the expenses of Prince Edward Island, against which, however, there are receipts to be credited on the other side, to which I will refer in due course. In addition to that sum, it will be in the recollection of the Committee that the right hon. gentleman opposite introduced an Act for the better preservation of peace in the North-west; and I desire to say that the expenditure necessary for that purpose will probably be no less than \$200,000, for which no provision was made in the estimates brought down last year. Then, again, as some of us are painfully aware, there was an election during the course of the current year, which created an unprovided for expenditure of not less than \$200,000. (Hear, hear, from the Opposition benches.) Hon. gentlemen say "hear, hear," but whatever may be their opinion on the subject, I am inclined to think, and so I believe are the great majority of this House, that the money was well spent. (Cheers.) However, that may be a matter for difference of opinion, and I do not wish to press it. As I have already

said, that would add some \$200,000 to the expenditure. In addition to that, I am afraid that in spite of the enormousness of the sum of \$2,070,000 of estimated expenditure on collection of revenue for public works, and the strenuous exertions of my hon. friend beside me, to keep that expenditure within bounds, it will be necessary, largely to exceed that estimate. I much fear that the actual expenditure on this branch of public works will reach no less a sum than \$2,400,000 from present appearances, although it is a point on which I would fain hope that myself and my honorable friend may prove to be mistaken. This would give about \$400,000 more than the sum claimed last year, though I repeat that I am hardly in a position to speak quite authoritatively on this particular question. Then there was a large additional expenditure upon surveys of the Dominion lands, amounting to \$100,000 odd, for which no provision was made last year. The Post Office will require \$75,000 in addition, although *per contra* its receipts will, probably, considerably exceed its estimated revenue. In addition to that, there are several miscellaneous charges which will amount to \$156,000. The House will thus see that the real estimate for 1873-4—the elections being the only item for which we are fairly responsible—ought to have been \$24,100,000.

With respect to the Receipts, I brought down and laid on the table of the House a statement showing our receipts for the current year, as far as it has gone. Now, Sir, I desire to say, with respect to the estimate of \$21,740,000, that in the main it was correct. Some of the items were somewhat in excess, and one important one was enormously below Mr. Tilley's estimate for last year. In these estimates were not calculated the receipts for Prince Edward Island. They, however, do not materially alter the position of affairs, for whatever benefit may have been derived from the addition of that Province was fully counterbalanced by deficits in other quarters. Mr. Tilley's estimate of receipts from Customs for 1873-4 was \$12,500,000. The sum total for '73-4 will probably reach \$13,000,000, and there is an excess in the statement above named of \$200,000 over the corresponding period of last year; but while in this excess the receipts from Prince Edward Island are included, they were not

calculated in Mr. Tilley's estimate. I am afraid, too, that I am not likely to receive quite as much money in proportion for that portion of the year which is yet to run; although, as I have said, I have no doubt that the sum claimed for customs will be reached, and somewhat exceeded, and that the sum for Excise will also be considerably more than the estimate. I am happy to say that the Post Office authorities, although they expend more money than they receive, are likely upon this occasion to have more than their estimated receipts. On the item of Public Works, including railways, the estimated receipts are likely to fall nearly \$650,000 behind the actual receipts. The item of receipts and expenditures upon Public Works altogether shows a discrepancy, as between what was the estimate and what is apparently likely to be expended, of not less than one million dollars. That is to say, our receipts are \$600,000 less than was anticipated, and our expenditure \$400,000 more. I have no doubt the other items will come out so nearly correct as to need no further remark at the present moment. Now, Sir, as I have said, what ought to have been the estimated expenditure for 1873-4, in my judgement should have been \$24,100,000, or at any rate not less than \$23,900,000, not including the expenditure for elections. I desire to call the special attention of the House to that matter, because they might otherwise suppose that the present estimates were of unusual and extraordinary proportions. A revenue of twenty-one millions and three-quarters is very large for a population like ours, of about 3,500,000; and I have no doubt a great many of my hon. friends will be surprised that this country should be asked to expend so much money. They will, no doubt, be inclined to consider that it should not be called upon to expend more. Unfortunately, the revenue, large as it is, is counterbalanced by fixed expenditure of an enormous and onerous character. Practically the net revenue which remains, after making the reduction I have already referred to, is little more than \$6,500,000, or, at outside, \$6,800,000, as I shall presently show to the House. If the Committee will glance at the estimated expenditure for 1873-4, they will see that a sum of about \$6,300,000 was demanded by Mr. Tilley for interest upon our

debts, and contingent charges; that a further sum, which did not include Prince Edward Island, but, with Prince Edward Island, was about \$4,000,000, was demanded for the payment of our subsidies under the new arrangements; then, also, under the head of "Charges on Revenue" rather more than four millions and a half appear to have been required—in other words, from twenty-one millions and three-quarters there require to be deducted no less than fifteen millions in order to get the actual net revenue of the Dominion. Sir, undoubtedly the country is perfectly justified in asking the Government whether it is necessary for us to expend even that six millions and three-quarters, although, as I have already said, the apparent income above named and the actual income which we received were very widely different indeed with the view of answering this question. I have endeavoured to make out a statement of cost in detail, setting forth as nearly as I can what our expenditures ought to be if it was in our power to start afresh, and to reduce matters to the standard to which we would desire to reduce them. I am sorry to say that by no calculation that I can make, can I arrive at much less than \$7,000,000 as a minimum estimate, without taking into account certain engagements into which we have entered, and which will for the present prevent the possibility of our reducing our expenditure to that sum. This expenditure is composed of the following items:—The first is one of nearly \$600,000—I use the round number for convenience sake—for legislative purposes. About two-thirds of this sum goes to meet the indemnity and mileage of members of this honourable House, and of the Upper Chamber. Whether I could venture to suggest any reduction of that amount I do not know. (Hear, hear.) That is a matter within the control of the House rather than mine, and under these circumstances, and bearing in mind the large sums for printing and similar purposes, I do not think I could estimate any less sum for that object. So also I fear I must not set down less, under the head of Civil Government, which includes His Excellency's salary and the salaries of Lieutenant-Governors, than \$900,000. More than \$200,000 goes to the salaries of Governor-General and so forth, and the balance is



applied to the various exigencies of the Civil Service. On this point it may be possible that some saving may be made, but I dare not promise my hon. friends that any large reduction can be looked for. I have put down the sum which, under our present system, is probably the minimum which we can expend under this head. The Dominion is increasing enormously in size, and this increase in size has involved an increase in our expenditure totally disproportionate to the increase in our revenue. It is a question, perhaps, whether at Confederation we might not have inaugurated our Government on a less expensive scale than the present; but we are obliged to take the system as we find it, and with such an immense country, stretching from the Atlantic to the Pacific, I doubt whether I can hold out any great hopes of reduction under that head. Still, something may perhaps be done in the way of saving money, and it will be our duty carefully to consider the question and see if any saving can possibly take place. For the item of Justice, including the penitentiaries and the Police of the Dominion, a similar sum of \$900,000 would appear to be required. Most of that amount is fixed by statute, and although it is possible the penitentiaries may be so conducted as to return us a larger sum than they do at present, still, looking at the fact that we are bound to maintain penitentiaries in British Columbia and Manitoba, and have recently had to establish a new one in Quebec, I fear the saving will be very inconsiderable. I am afraid that any saving which we could make would be swallowed up by the new penitentiaries which, I believe, we are obliged to erect by treaty. For Marine and Fisheries, including ocean subsidies, and so on, the estimates of 1873-4, and our own estimates, require at least a sum of \$900,000. A great deal of this is absolutely necessary. It may be that some portion of the subsidies may be hereafter reduced, but a great portion being for treaty engagements, I am sorry to say that there is not very great room for reduction in this matter. This outlay is divided generally into two classes—subsidies of all sorts, amounting to \$300,000 or \$400,000, and the sum generally demanded for lighthouse expenditure, which is something like \$500,000, the greater part of which goes to keep up the lighthouses already established throughout the

Dominion. The next item to which I would direct the attention of the House, is the sum which we require to expend for the purposes of militia and defence, and which I estimate at a minimum of \$1,050,000. It is clear that this Dominion, especially seeing the immense territories in the North-west which it includes, must have some sort of military force at its disposal. It may be possible to reduce the other portion of the militia establishment, but I, for one, would be very unwilling to agree to that, although I admit there may be room for great improvement in the administration of the Militia Department. Still it would require very great pressure indeed, before I would be a party to advise the sweeping away of the system of home defence which we at present enjoy. It resolves itself into a question of regard for national honour to a large extent; and, moreover, we are bound over to the Home Government to expend a large portion of that sum annually for this purpose. The next item is one of very great magnitude. I refer to the various public works chargeable to revenue. That sum has swollen year by year to an enormous extent. For the current year, \$2,450,000 was demanded by Mr. Tilley, but whether my hon. friend the Minister of Public Works will be compelled to expend the whole of that sum in carrying out the engagements of his predecessor, or not, it is impossible to say. I suppose, as usual, that some of his estimates will fall below the mark, and some will probably be over drawn. I have estimated \$1,500,000 as the sum which will probably be required per annum, as soon as our present engagements are closed, and that is a point to which I direct the special attention of the House. I estimate that a sum of about half a million for immigration and certain minor services usually charged to that Department will be required. We have set apart, partly through an arrangement made by the late Government, no less a sum than \$500,000 for that object. Well, Sir, if that sum is well spent, it is probably as desirable an investment as it is possible to make. It is our duty to see that it is well expended, and that the country receives some benefit from the investment of that large sum. We will require for the subsidies to Indians, and for contingent expenses in the North-west Territory (I am putting these things at the minimum) no less than \$500,000—a

very large sum, but looking at the necessity of preserving the peace of the country, and also remembering that I include in it the expenses of the Mounted Police, I do not see how it can be reduced. For the various miscellaneous services almost nothing is left of the aggregate of \$7,000,000.†

I have gone into this detail partly in order to call the attention of the House to the enormous expenditure under the head of "fixed charges" on our revenue—a revenue which, although nominally large, is really and practically, considering the extent of our Dominion and the magnitude of the services which we are obliged to perform, a comparatively small one. This large apparent income, however, has this disadvantage, that hon. gentlemen, ourselves included, knowing that we have a nominal revenue\* of nearly twenty-two millions, imagine and state that a large saving can be made out of it. Let us consider this point in detail. Out of such items as the subsidies and the interest on the public debt no saving can be made. Out of the charges for collection of revenue possibly some considerable saving may be effected in the future, but for the present we are confronted by the effects of the policy which we found when we came into office, and we are obliged to go on, for some time at any rate, endeavoring to fulfil the engagements which our predecessors entered into. It is also possible that hon. gentlemen, looking at the enormous increase in our trade, in our imports and in our revenue, which has taken place steadily since Confederation up to the present time, may say that after all said and done we have only to wait for a short time, and the natural expansion of

†The minimum estimate when present engagements are closed would therefore be seven millions, as follows:—

Legislation.....	\$ 600,000
Civil Government.....	900,000
Justice.....	900,000
Marine.....	900,000
Militia.....	1,050,000
Public Works.....	1,500,000
Emigration, &c.....	500,000
Indians, North-west.....	500,000
Miscellaneous, (quite inadequate).....	150,000
<b>Total.....</b>	<b>\$7,000,000</b>

\*I have followed the usual practice of including the expenditure of the Post Office and the charges for maintenance and repairs of our Public Works under the head of collections of revenue. It may be well to observe that nothing but Customs and Excise and similar matters appear to be charged under this head in other countries. For purposes of comparison, however, I have thought it better to adhere to our present custom.

our commerce will provide the means of remedying these deficiencies, and putting us in the same position in which we were a few years ago. I will be very glad indeed if this should prove to be the case, but I doubt whether, looking at the general position of the country, it would be safe to reckon on any great advance for some time to come. It must be remembered that at present the agricultural interest of the country, although not seriously depressed, cannot be said to be in as flourishing a condition as it was a few years ago. Then as regards lumber, another most important interest, the exports from which usually exceed even those from agriculture, it is a matter of notoriety that a large portion of that trade is at present in an exceedingly depressed state, and that one of our chiefest customers, particularly for that article,—I mean the people of the United States,—are also labouring under considerable financial difficulties. At present, I learn from gentlemen of the manufacturing interest that their American competitors are in such straits that they are compelled to sell large portions of their property here at less than its original cost. For all these reasons, we cannot I am afraid, describe the current year as one that is likely to be prosperous in comparison with years that have gone before. Still, I am bound to say that the result of my observations is far from discouraging. We have stood still, but we have not retrograded, and looking at the state of our commerce, I think that speaks well for the general condition of the country. It is possible, after all, that the stringency which occurred in 1873 may have a beneficial effect on the whole. The people of Canada and more particularly the banking institutions of Canada have displayed considerable prudence and discretion under very trying circumstances, and although we cannot look to any great expansion during the coming year, I think we need have no fear of any material retrogression. I beg to state that the official returns for the eight months ending the first March, 1874, shows a total importation of \$83,402,329 as compared with \$84,364,291 imported during the same period of the year 1873. This however includes a considerable amount on account of Prince Edward Island. It will therefore be seen that there has been a decrease in the value of our imports as compared with 1873; but on the other hand, I am

glad to say that our exports during the same period have increased considerably. (Hear, hear.) For the same part of the current year they amount to \$62,742,000, as against \$59,455,000 during the preceding year. (Hear, hear.) As I have already said, this fairly illustrates the statement that while we have, perhaps, on the whole stood still, we have not retrograded. The exports of Prince Edward Island are included in the calculation for this year, but the amount is not very large. The ratio in which trade has increased during the past four years, although some hon. gentlemen may differ from me on the point, establishes, in my opinion, an argument in favour of a temporary pause now. It is quite probable, however, that we may go on increasing to a moderate extent, although no considerable expansion should be looked for during two or three years to come. I am quite aware of the contingencies which govern these matters. None of us can say, for instance, what kind of a harvest we may have this year; none of us can tell what accidents may affect our trade and commerce; but what we do know is this, that the probabilities are very much in favour of a more moderate increase in the future than in the past. Moreover, there is another matter to which I have called the attention of the House before, and to which I desire for a moment to call attention again, and that is the comparatively stationary character of the population in the older Provinces of Canada, which must bear the chief burden of additional taxation. I may be pardoned for here repeating to the House a statement I made twelve months ago, that it appears clear from the census returns submitted to us last year that the progress of this country in this one single respect has been, comparatively speaking, very small during the last ten years. I find, Sir, on looking over the returns for the Province of Ontario, the largest and most populous Province of the Dominion, that out of the 88 electoral districts into which it is divided, there were only thirty-five in which the increase was ten per cent during the ten years. Precisely the same thing has occurred, under the same conditions, in the great State of New York and other States of the Union, which are in the most highly prosperous condition. I am, therefore, justified in warning the House that so far as regards

the older Provinces of the Dominion we ought not to look for any very large increase of population. Although we may fairly expect that our people will grow rapidly in wealth, we cannot look for any great increase in their numbers. Any hon. gentleman who is desirous of further examining the matter and testing the correctness of the statements I have made, will find upon reference to our own returns and those of the United States that they are only too well founded. The stationary position of our population does undoubtedly bear very strongly upon the question whether we can expect any very large increase in the gross income of the country. I have been at some pains to ascertain the facts in regard to this matter, and from the statistics which I have got, which I am bound to say I think very imperfect, I calculate approximately that the net income of our people averages from \$400 to \$500 per family. The amount is a very respectable one, although in one or two other countries the average is from \$620 to \$725. I think, however, that I am tolerably correct in assuming the net income of our people, as I have already said, at from \$400 to \$500 per family. It is much larger in the United States, where the average is said to be something like \$800 per family; but there is this fact in our favour—that the purchasing power of money is very much greater with us than it is with them. There is a much better distribution of income for another thing and probably the actual value of the average income in Canada is nearly as great as in the United States, notwithstanding the nominal difference. An income like ours carries with it the power of bearing without inconvenience a considerable amount of taxation, if properly applied. This is a point of much moment inasmuch as there is only too much reason to fear that the taxation of the United States has reduced the comforts of a large class of the population, and that the whole people are very much poorer than they ought to be, chiefly on account of the system upon which their revenue is collected. The power which our income possesses of bearing taxation, however, should in this country be used with great moderation. Moreover, in imposing fresh taxes upon the people we must bear in mind

that a great proportion of them, especially in Ontario, labour under heavy local taxation. That of the Province of Ontario amounts to no less than \$6,000,000 per annum. I find myself, upon examining the municipal statistics of the cities and chief towns of the Dominion, that they have a total public debt of \$22,000,000. I think it necessary to mention these matters because it is absolutely requisite that the House should bear in mind that the taxes which are levied upon the people for Dominion purposes are by no means the only taxes they are expected to bear. While I am on this subject, I trust I may be pardoned for saying that I rather think it will be found necessary, in the course of a few years, to consider very seriously the position in which the taxing power now stands. I have always looked upon it as a very objectionable principle to allow this House, the Local Legislatures, and the municipal bodies to have the power of imposing almost any amount of taxes we may severally think fit. I am bound to say that, in the light of the result in the neighbouring country, and in many of our own municipalities, I consider it would be highly expedient to have a revision of the system, in order to see whether we cannot devise some mode of re-distributing this power. However, this has no further bearing upon the subject in hand, except as it bears upon the necessity for caution in imposing taxation. The chief reason for calling attention to it is this—that when any question arises between direct and indirect taxation, it will be well to remember that six millions are already levied by direct taxation for local purposes in the Province to which I have referred. There is another point here, while I am dealing with the question of our resources, upon which I will say a word. Many hon. gentlemen expect that as our new territories are settled we will receive considerable pecuniary assistance from them. Now this might be the case if they were situated in close proximity to us, as was the case with some new territories in the United States. In such case there might be a good deal of force in the expectation; but, as it is, for a great many years to come we cannot look for a great amount of revenue from our new territories, chiefly because they are separated from us by such long intervals of country which

are now unpeopled, and from their nature and situation must so remain for a considerable time to come. Now, Mr. Chairman, it becomes my duty to call the attention of the House to an item of special interest—I mean the sum total of the estimates of 1874-5. I have no doubt my hon. friends behind me were startled and horrified at this sum when I brought it down, as I can assure them I was when I first perceived how large an estimate I would be obliged to bring down to this House. No less a sum than \$41,906,000 will be required for the public service of 1874-5, from which, however, we must deduct the sum of \$5,752,000 which is simply a redemption of existing debt. This will reduce the total very considerably, and if hon. members will further look for a moment to the column known as “Public Works chargeable to Capital Account,” they will find that the sum under this head, which should be also deducted, is \$11,606,625; nevertheless, the sum still remaining amounts to \$24,549,000. This estimate, I must admit, is exceedingly large, and requires, and, I hope, will receive full explanation. I would remark, before I proceed further, that there is an accidental error of \$25,000 in the English copy of the estimates, which, however, has been corrected in the French copy. Now, Mr. Chairman, the total sum demanded for the services of the year is, as I have stated, \$24,549,000. Out of that sum, to follow the line of argument to which I previously had recourse, about \$6,831,000\* should be deducted as representing interest and charges on our debt, a charge over which, except as to expenditure of new capital we have necessarily no sort of control. A further charge of no less than five and half million dollars will be found under the head Collection of Revenue, and a further sum of \$3,757,000 under the head of Subsidies. Now, Sir, for all these amounts, as I will presently show, I think this Government cannot be held in any shape responsible, with the solitary exception of the addition to the interest for new expenditure. I now proceed to point out to the Committee how and in what shape these excesses have been caused. The Committee will bear in mind that I showed them at some length that

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\* This includes the Sinking Fund, but a credit is given in the receipts for a large sum as interest on investments partly on same account.



the true estimates for 1873-4 ought to have amounted to \$24,100,000. The sum which I find was required to be expended according to Mr. Tilley's estimates—including, of course, the various increases made by what is generally known as the Re-adjustment Act of last session—comprised an amount for Civil Government of \$856,000. I estimate that \$921,000 will be required. There is an error of \$25,000 in the printed estimate, which gives \$946,000 as the amount required. As to this excess, in the first place, a sum of \$7,000 is appropriated for the Governor of Prince Edward Island—a necessary and inevitable charge. In the second place, \$25,000 more has been added to the estimate for contingencies, made for the year 1872-3. The appropriation asked for by the late Government was exceeded by the sum of about \$30,000; and I find that the expenditure under the same head for 1873-4 will be quite as high. The exact amount to be voted is \$714,815. When we entered office we found that it was scarcely possible to reduce the estimate, do what we would, below a like figure. These charges, which included contingencies, have been enormously increased by the addition of these new Provinces; and although we will use our best endeavors to reduce them, I do not know that any considerable saving can be hoped for. At all events, I feel that it is better and more honest to place that sum in the estimates at once, instead of perpetually bringing down supplementary estimates, as my hon. friends opposite would have had to do for 1872-3, and also for 1873-4. These sums, and also a sum of very near \$10,000, assigned for Dominion Lands in Manitoba, make up the great bulk of additional expenditure. It is true that in the Department of Public Works a considerable excess was necessary, and I think that no one who reflects on the enormous number of public enterprises in which this country is at present engaged, can say that my hon. friend is to blame for endeavoring to secure the best possible talent in the public service, and in that respect I believe that the money here asked for will be perhaps the cheapest demand made upon the House. There is also a considerable increase in the Post office, in which, as I have already explained, the expenditure, but also the receipts, are continually augmented. The remaining expenditures

were all of them, I think (though I speak with some reserve on the subject) authorized by our predecessors before leaving office, or at any rate all except the expenditures incurred under the ordinary provisions of the Civil Service Act. However, I shall reserve detail under this head until I go over the present estimates. My present object is to show that the apparent excess of \$58,000 is in great part purely nominal, and that what is not purely nominal is caused by the action of our predecessors themselves. On the next item, the Administration of Justice, the Committee will perceive that the expenditure is almost the same as before. There is some little increase with regard to the judges in Prince Edward Island, and in respect of a small excess in the police force. The Committee will see that whenever additional territory is taken in, some increase in expenditure, however small, must be necessary. The next item requires no explanation, in as much as there is a reduction in cost of Penitentiaries. I hope we shall be able hereafter either to make a still further reduction, or to make these establishments more self-sustaining than they are at present; but it is, of course, impossible for us, after so short a tenure of office, to speak decisively on this point. The expenses of legislation estimated by Mr. Tilley and myself differ by some \$24,000, a considerable portion of which is caused by the addition of Prince Edward Island to the Dominion, which necessitates additional indemnities and expenses. The estimated expenditure of 1873-74 will be largely exceeded by the expenses of the elections, which is generally charged under this head. Under the head of Arts, Agriculture, and Statistics, there is a reduction of \$50,000, a saving which we hope to effect. I have brought down an estimate of \$94,000, but I hope not to expend all of it. On Immigration and Quarantine we have brought down a sum rather larger than our predecessors. In the estimates hon gentlemen will see that a sum of about \$107,000 is necessary to provide for the performance of the contract for the importation of a certain number of Mennonite families into the North West Territories, so that we have been obliged to bring down a larger sum than we expected. The excess, however, is necessarily due to the contract, be it good or be it bad, made by our predeces-

sors. The items of Pensions and Superannuation are substantially the same, though there are some small increases under the working of the Act. On Militia we have made a reduction on the sum estimated last year, and this year we estimate \$953,000, against \$1,000,000 estimated by our predecessors last year. The item for Military Stores which appeared this year will not appear next year, this being the third and last instalment on that account. The North-west expenditure, consisting of maintenance of the 343 men at Fort Garry and thereabouts, is estimated at \$175,000, in place of \$140,000 estimated last year, that sum having been found entirely inadequate. As a matter of course, it is necessary for us, doubly necessary perhaps at present, to maintain that force under existing circumstances. Whether we shall be able to dispense with it in the future, will depend upon the position of the North West, and the general influence of emigration into that country. I hope to see the North West, before long, able to provide for its self-protection. For the next item, the mounted police, \$200,000 will be asked in the supplementary vote for this year, and for that force we will be obliged to expend an annual sum of not less than \$185,000. So long as the country takes upon itself the task of maintaining peace and order throughout the North West, it is utterly impossible to escape such expenditure as this. We have been compelled to assume the obligation already incurred, and to recommend an appropriation under this head to the House. Then with regard to public works chargeable to income, my hon. friend, the Minister of Public Works, estimates that he will require no less than \$2,630,000. That estimate is larger than Mr. Tilley's, which was \$2,450,000; but I call the attention of the Committee to those items of the estimates, because they will find that in the particulars chargeable to income my hon. friend has hardly an item on his own account, with the exception of St. John's harbour, the whole of this sum being devoted to carrying out works actually engaged in by his predecessors. I am aware that some of my hon. friends think this enormous outlay need not be gone on with; but I desire to say that these public works which are in process of construction must be completed within a short time. I can see no purpose to be served by "cooking" our estimates, and

apparently reducing the amount chargeable this year in order that it may be swollen the next. My hon. friend has preferred, and I think he was perfectly right in so doing, to bring down these estimates to show the obligations placed on him by the action of the late Government. I invite the special attention of the Committee to these items, because they will see that in going through the estimates of roads and bridges and buildings in Ontario, Quebec, New Brunswick, Nova Scotia, and British Columbia, votes had been taken, money spent, and work actually engaged in by my hon. friend's predecessors. I contend that my hon. friend cannot fairly be held responsible for going on with work which he found actually commenced, and in some cases half completed, by the late Government; and if these items are excessive, the fault does not lie with my hon. friend—the fault lies with the hon. gentlemen who rendered it necessary that he should demand this sum at the hands of the House. (Hear, hear.) We are at this moment engaged in completing extensive public works of this particular kind, and possibly some of these might fairly be charged to capital account. But it has not been done heretofore, and, on the whole, it would not now be expedient to commence it; though, in any case, I hope a considerable saving will be effected. I must again repeat that it would be in the last degree unjust to my hon. friend the Minister of Public Works to hold him responsible for this state of things, or to ask him to stop works already commenced, and to put a reduced sum in the estimates; but when the works now engaged in are completed, which I expect will be the case in eighteen months, a considerable saving will be effected in the annual expenditure, though for this a considerable period of time is necessarily required. (Hear, hear.) Under the head of "Ocean and River Service," in which I have included some items which formerly appeared in the Miscellaneous account, the House will see that some reduction is proposed, and probably something will be saved, though I can hardly venture to assume what amount may hereafter be found to be the reduced expenditure. On the Lighthouse service, we are compelled to ask for a small additional appropriation, chiefly, I believe, on account of

the excessive liberality our predecessors evinced in agreeing to erect lighthouses in Prince Edward Island at a critical period during the late session. (Laughter.) In the item of the "Fisheries" some small increase is required. I regret that my hon. friend the Minister of Marine and Fisheries not being present, I cannot state exactly why this is asked for. In the Geological Survey we hope to effect a small saving, although we intend to prosecute this survey with all possible speed. For Marine Hospitals for sick and disabled seamen, a slight additional sum will be required. Steamboat inspection is an item which pays for itself. In "Subsidies" there is an apparent, though not of course, a real saving. This past year there was under this head \$3,984,000, against \$3,757,464 for the current year. The saving, I regret to say, is simply apparent, as the sum of \$190,000 has to be added to the charge for interest. Under the head of Indians we spend \$149,000 in place of \$88,000, that extraordinary expenditure having been caused by treaties made prior to our entering office. I am not condemning these treaties, I am merely calling attention to the manner in which this additional expenditure was incurred. The Boundary Survey, as the Committee knows, is not under our control. The money expended is under the direction of the Imperial Government, and the Imperial Government—if I understand the matter right—defray one-half the cost. We have no control over the expenditure. I think these are the terms of the agreement. Under the head "Miscellaneous," we propose to expend pretty much the same amount as last year, the excess being only one or two thousand dollars. Under the head of "Collection of Customs" we bring down an estimate for \$685,100, against \$602,000 last year; and this is in a considerable degree due to the admission of Prince Edward Island. As regards the remainder, I desire to say I am informed, and believe, it is because of the liberality displayed by our predecessors, and which we in consequence thought we were bound to extend to this very deserving service. We found additional appropriations necessary, on account of what had been asked for and promised having been secured by Order in Council. The same remarks as to the increase apply to the Inland Revenue service. The item of "Culling Timber" requires no special

explanation, inasmuch as the receipts from that source are always in excess of the expenditure. The item of "Public Works," that is, the collection of the revenue of these works, calls for the earnest consideration of this House. The House will observe that we have been compelled to come down with a demand on account of the collection of revenues from Public Works of not less than \$2,867,000, against \$2,070,000 asked for by our predecessors. With respect to this, I desire to say that the sum of \$2,070,000 is altogether inadequate to the requirements of this service. In the first place, no less a sum than \$202,000 is computed as being required to maintain the Prince Edward Island Railway, of which we are the fortunate possessors, and as to the remainder my hon. friend has found it necessary to ask for \$496,000 more than in the previous year to defray the expense of the Intercolonial and other Government Railways in Nova Scotia and New Brunswick. The attention of the Committee can hardly be too strongly called to this item. I need scarcely say that this is a matter which is engaging the serious attention of my hon. friend the Minister of Public Works, but I desire to add again, that he cannot be held responsible for remitting this matter to the House as he finds it. It is perfectly clear that if the Government work these railways on the system on which they have hitherto been worked, there will be an enormous deficit. I must leave it to my hon. friend at a later period in the session to enter upon this matter more in detail. My duty, for the present, is merely to explain how it comes to pass that we are compelled with the utmost reluctance to propose an augmentation. We found this state of things in operation. We found that the cost of working these roads was so enormous that the estimates of our predecessors were insufficient to defray the expense. We found also that the annual revenue was constantly falling short, and the House will see that the tendency had become apparent even prior to 1872-3. If the House will look at the receipts from Public Works, they will find that in 1871-2 they amounted to \$1,211,000, and in 1872-3 they were increased to \$1,316,000, a difference of barely over \$100,000, while the expenditure had increased during the corresponding year by nearly half a million. My hon. friend

the Minister of Public Works, will address himself with the utmost energy to redress this matter, and he encourages me to hope that in one way or other, either by the reduction of the expenditure or the increase of the receipts, in a short time a more wholesome state of things will be brought about in this matter. An expenditure of \$1,505,000 on Post-office account is set down for this year against \$1,316,000 last year. On this point I desire to say that \$49,000 is required for the service in Prince Edward Island, but if the necessities of the Post-office Department are large, my hon. friend's receipts are preserving a fair ratio. He will receive a considerable addition to the receipts this year, so that the increase (apart from the \$50,000 to which I have referred for Prince Edward Island) will, I trust, be recouped by the receipts.

At this point, it being yet a quarter to six, Mr. Cartwright said it would be impossible for him to close the remarks he was about to make before six o'clock, and as he would presently be entering a larger field, he hoped the House would allow it to be considered six o'clock. (Loud cheers.)

The House then took recess.

After recess,

Mr. CARTWRIGHT resumed his speech. He said:—Mr. Chairman, before the House rose I was pointing out how the excess in the estimates of this year over the preceding year had been caused. If the House will pardon me, I desire to say again, that for the purpose of comparison, the estimates of 1873-4 ought to have calculated the various sums required for the different services at a little over \$24,000,000. Now, Sir, it will be observed that upon this occasion we ask for estimates to the extent of \$24,549,000—that is to say, about half a million more than is likely to be actually required for last year. That excess is made up by interest on capital for new public works, which will amount to nearly \$400,000, and a sum of \$200,000, which will be required for the working of the Prince Edward Island Railways. This would equal the entire sum by which our estimates exceed, what, in reality, should have been the estimate for last year. We have made considerable reductions on almost all the items except upon the

expenditure for collection of revenues and on public works chargeable to annual income. Before I proceed further, I desire to correct one error which I fell into with regard to the resolution of April, 1871, passed after the treaty with British Columbia was agreed to. I had been under the impression that that resolution declared that the Pacific Railroad should be built without *unduly* increasing the taxation of Canada. The actual text is stronger still. Sir George Cartier moved, and Mr. Tilley seconded, a resolution setting forth that the railway referred to in the Act concerning the Union of British Columbia with Canada, adopted on Saturday, the 1st of April, should be constructed by a Company formed of private individuals, and not by the Dominion Government; that the Company building it should be assisted by liberal money subsidies and liberal grants of land, provided always that *no increase* of the then rate of taxation should hereafter be determined upon in consequence. That, Sir, was the resolution placed upon our journals on the motion of Sir George E. Cartier, seconded by Mr. Tilley. It was of value for the reason I have alluded to, because it was represented to us at the time it was passed that the delegates from British Columbia were assenting parties thereto. Now, Mr. Chairman, I spoke before the recess at some length upon the extraordinary deficiency arising from the working of the Intercolonial Railway, and the other railroads of the Dominion, chiefly in the Maritime Provinces. The deficiency arising from these sources are reported as likely to amount to the extraordinary sum of about a million and a quarter of dollars. I desire to call the special attention of the House to one point, which must be clear to every hon. gentleman. These railways run for the most part through a country which has been settled for the last fifty or sixty years. I cannot refer, of course, to the fact that these railroads entail such an enormous expenditure, without its becoming apparent to the House that the cost of the maintenance of a railway nearly 3,000 miles in length, and passing through a country which is almost entirely uninhabited, must be of necessity very much greater. For a very long time, even after the actual construction of this railway, an enormous charge must be levied upon this



country in order to keep it in full working order and repair, and this fact must be steadily kept sight of in considering the real character of that project. I now come to the expenditures on account of the minor Provinces. I do not at all call attention to this matter by way of complaining of this particular expenditure, but simply as a matter of fact, and in proof of the statement with which I prefaced my remarks, that Canada was able to meet her ordinary expenses, and that the large deficiency which now existed arose mainly from the service of these outlying Provinces. Now, Sir, I find that the estimated expenditure for the current year, which I think may be relied upon as correct to within a few dollars, for the Province of Manitoba is \$152,000. This simply consists of such charges as Subsidy, Civil Government, Administration of Justice, and the like. The ordinary expenses, I say, are \$152,000, and the ordinary receipts amount apparently to about \$49,000. I say again that I am not complaining of this, but I am calling the attention of the House to it only to prove that we are not dealing very illiberally with that Province. The whole expenditure in connection with the North West Territories and Manitoba amounts collectively to no less a sum than \$1,036,000, which includes the expenditures upon public works, dominion lands, and all miscellaneous charges of that kind. This country has undertaken very grave and serious responsibilities, which it must bear, and is willing to bear, but it is very necessary that we should fully understand their extent before we incur fresh ones, and I wish to point out to this House the enormous mass of expenses placed upon us by the discharge of our obligations to the outlying portions of the country. With respect to the Province of British Columbia, as to which I have heard it stated that some of my hon. friends from that Province are under the impression that we are receiving a revenue greater than our expenditure in connection with it, I have to say that our total receipts for 1872-3 were \$417,000, while our outlay was \$627,000, showing a total expenditure over revenue against the Dominion of \$200,000. For the years 1873-4 the expenses of the Province are estimated to amount to \$772,000, including the Sinking Fund, or say \$700,000 net, while the receipts are only expected

to amount to \$400,000. I repeat that I do not refer to these things by way of complaining of the expense, but for the purpose of shewing how we have found ourselves subject to the deficiency. What I said in relation to the Province of Manitoba and its expenditure, also holds good with regard to British Columbia. Those expenditures, as included in this \$700,000, are simply in connection with the subsidy, interest upon public works, and the ordinary contingent expenses. The hon. gentlemen from that Province will see that the Dominion Government are annually expending from \$200,000 to \$300,000 upon that Province more than they receive from it. A still larger disproportion is likely to prevail in the coming year, only there will be a large amount expended for public works, which will probably not continue more than two or three years at most. In the case of my hon. friends from Prince Edward Island, I am quite aware that the receipts from various sources in their Province were considerably less during the current year than we expect they will be during the ensuing year, still the ordinary expenditure of Prince Edward Island cannot, it has been calculated, be much less than \$500,000, and the probable receipts will be from \$150,000 to \$200,000 a year less than that sum. I have not a word to say to my hon. friends from that Province as to the excellent bargain they have made with the Dominion. My hon. friends know perfectly well what they were about when they came up to Ottawa last year, and it would be perfectly unfair to blame them for securing such very excellent terms for themselves, particularly in view of the heavy contingent expenses to which the Dominion was committed. The expenses of working their railways require to be added to the annual excess of Prince Edward Island for some time to come, and it is not improbable that the whole may reach \$700,000. On the other hand, I doubt very much whether we can count upon more than \$400,000 of a yearly income, at most, from all sources in that Province. Taking all our expenditures for these purposes together, it is clear that independently of the Pacific Railway, there will be a very severe drain upon the resources of the Dominion for some time to come. I should be very sorry indeed that my

friends should think I had any wish to adopt an unfair or illiberal policy towards them. I simply mention these things, as I have already said, to show how these large deficiencies to which I have referred occur, and to call the attention of the House to the facts. Now, Mr. Chairman, as I have said, we will require, as far as we can see at present, for the service of the current year, no less a sum than \$24,600,000 in round numbers. As against this expenditure we count on the following receipts under our present tariff: From customs, all told, including Prince Edward Island, we expect to receive about \$13,000,000, which is some \$500,000 above Mr. Tilley's estimate for the present year. From Excise we expect a little over five millions of dollars, which is also over Mr. Tilley's estimate. From the Post-office we will probably receive upon this occasion \$1,100,000. It may be a little more, but I do not anticipate that it will be very much more. This is also in excess of last year. In public works, however, I would not be justified in assuming that we shall receive a larger sum than 1,600,000 instead of \$2,250,000 as estimated for 1873-4, although I sincerely hope that my hon. friend beside me (Mr. Mackenzie) and myself have been mistaken in estimating the revenue from this source at so small a sum. I think, however, that I must, for the purpose of calculation, base my estimate upon the facts which are before me. Considering all the circumstances, therefore, I do not think we can venture to go the sum I have mentioned. From Bill Stamps we shall probably have \$200,000 in round numbers, which is an increase on last year. From Interest upon Investments we shall probably have \$500,000, which is less than last year by some \$100,000, but it will be remembered, with reference to this source of the revenue compared with last year, that there were circumstances then existing which are not likely to occur again. However, we may receive a little more from miscellaneous sources, which I estimate at \$600,000. On the whole, I do not think we can receive a larger sum from present sources than \$22,000,000, and therefore it is quite clear that a very large amount of additional taxes will be necessary in order to put Government in a position to meet the liabilities of the country. It may be of some little interest to observe that Mr. Tilley himself,

although he took a much more sanguine view of the situation than I did, stated publicly that some additional taxes would by-and-by have to be proposed, although he did not think it necessary to impose them last year. His words were:—"That under the peculiar circumstances in which we were placed, there was a certainty of an increase, and by next year some readjustment must take place. The Government did not think it necessary to make any present change, because they thought they would be able to meet the present requirements of the country without it." Now, unfortunately there will be, as I have stated, a considerable difference between the receipts and expenditures of the present year, although Mr. Tilley did not anticipate it at the time. A certain portion of that difference arose, to be sure, from circumstances which he could not then have foreseen, and over which he had no control. My hon. friend beside me reminds me of a point which the House will at once see. Within the last few days a very large amount of taxation has been pouring into the exchequer on account of the anticipated increase in the tariff, but what this makes up will of necessity be lost within the next few months. In short, so much the more we receive in anticipation of the changes in the tariff, so much the less we shall receive afterwards. The House is perfectly well aware that in addition to the expenditures which I have enumerated, some of which may be reduced, although collectively I cannot hold out the hope of any large reduction, we are pledged to a very large expenditure on capital account during the next half dozen years, and, therefore, Sir, that it is necessary and desirable that in imposing taxation now we should provide, as far as we can, for the future burdens which we know must fall upon the country through the necessity of paying interest on this large additional expenditure. As far as it is possible to form a calculation, I am in hopes that if a sufficient amount of taxation is now laid on to meet the present gross annual expenditure, that, in view of the gradual growth of the country—though I do not believe it will be to the same extent as we have hitherto seen—we may be able not only to meet the requirements of the current year with a small margin over, but to dispense with the necessity for additional taxation for

a considerable period, perhaps altogether. But these requirements I must emphatically state to the House are of a very serious character. We must, I think, provide for an additional taxation to the extent of three millions of dollars. Our present actual revenue, apart from cross accounts and items arising from collection of revenue, is not much over eighteen millions of dollars from all sources; and I admit that the proposal to add one-sixth part to the taxation is one of great gravity. I only say, in regard to this point, that had our advice been taken this would not have been necessary (hear, hear), and that we are now called upon to confront and repair errors for which we were not primarily responsible. It will be our desire in laying on that taxation, as far as we can, to so adjust it that it may fall as fairly as possible upon the whole community. I do not pretend to say that taxation of that kind can be imposed without some inconvenience, but we have endeavoured to see that no interest was unduly burdened, and it is the earnest desire of the Government to make it as equitable as we possibly can. Perhaps it will be advisable, before I proceed further, that I should place the tariff resolutions in the hands of the Committee, and for that purpose I will resume my seat for a few moments while these are distributed and placed in the hands of members.

The resolutions were then distributed.

Mr. CARTWRIGHT continued—The first article upon which the Government desires to propose increased taxation is the article of wines. Now, that article is to a great extent, though not entirely, an article of luxury; and yet, out of a total importation last year of 847,000 gallons, the total revenue was only \$237,000, being about 25 cents per gallon. I think few people will dispute that the article will fairly bear additional taxation in any case where additional taxation is needed, and I propose substantially to double that duty by imposing a tax of 40 cents per gallon on wines of a certain degree of proof, 60 cents on other wines, except sparkling wines, and 80 cents on all sparkling wines. In doing this, Mr. Chairman, I desire to say—and the same remark will apply to our course on some other duties—that we prefer to place specific duties instead of placing *ad valorem* duties. I am aware that *ad valorem* duties

appear to be the fairer mode, but I believe this is one of those cases in which the theory is one way, and the practice another. Practically we find that frauds are attempted under this system, and our valuers really do themselves, in a sort of rough justice, what we propose to do here. I find that in the Australian colonies, which are closely akin to ourselves, the specific duties have to some extent replaced the *ad valorem* duties; and in the colony of New South Wales the specific duties are divided somewhat as I have divided them in regard to wines, only they are much higher. All classes of wines there pay \$1 per gallon, except the sparkling wines, which appear to be charged at the rate of \$1.50 per gallon—a sum which the Committee will observe is largely in excess of that which I propose to charge. It is estimated that the revenue from that source will be \$200,000 additional. We also propose to add a duty of twenty cents per gallon to the articles of brandy, Geneva, alcohol, rum, gin, and whiskey—a proposal which I suppose will not greatly grieve my hon. friend from South Oxford. It is not easy to estimate very readily the result of such an imposition, but from the best information which I have been able to gather, I think we have reason to expect an additional revenue of \$200,000 from this source. In going over these proposals, I may say that I take what are properly called articles of luxury first. I propose an additional *ad valorem* duty on certain articles of luxury—silks, satins, velvets, and all manufactures thereof; gold, silver, or plated ware; fancy goods, hats, caps, and bonnets; jewellery, watches, and clocks. I believe that in all these cases a very fair argument in favour of increased taxation, whenever increased taxation is required, may be made out. I am inclined to think that there will be very little change in the present consumption of these articles. I have faith in the patriotism of my fair countrywomen, and I do not believe that in order to defeat the revenue they will purchase less goods than before. Consequently, I expect from this source an additional revenue of \$400,000, progressively increasing as the prosperity of the country increases. We also propose to ask the House to raise the duty of 15 per cent. on all unenumerated articles to a duty of 16 $\frac{2}{3}$  per cent., which we have fixed upon, first, because, so far as we can ascertain,

it will not seriously interfere with the trade of the country; and next as being exactly one-sixth of the value of the articles, and a convenient amount to be adopted. From that source I think a sum of no less than \$500,000 will be derived, as this spreads over a very large number of articles. The next article upon which we propose to put an additional duty is the article of cigars, on which we propose to raise the duty from 45<sup>1</sup>/<sub>2</sub> c. to 70c. per pound, with a small corresponding addition, though not to the same extent, in the Excise Department, which I think combined may be relied upon to give us \$100,000 more. I am not as well versed as my hon. friend from Chateauguay in the qualities of tobacco, but I think one hundred to the pound is about the proportion in the case of cigars of the quality most liable to duty, so that the total duty will only be about  $\frac{2}{3}$  of a cent per cigar. The next duty which we are obliged to ask the Committee to grant us is a duty on tea—green, black, and Japan. That we propose to make specific and very low. We think the small duty we now propose is not likely to give rise to any great amount of smuggling. I think we may rely upon receiving a considerable amount from tea, and the amount I have estimated is not so large as it may produce. I deeply regret having again to impose a duty on tea, but on looking over the list of articles liable to duty, I do not see how it is possible to avoid it. From that source altogether—tea, coffee; (green and roasted)—I expect to receive about \$400,000 more. I propose, further, Mr. Chairman, to levy a small duty of five per cent. on iron of the classes which the Committee will see enumerated in paragraph 5. That duty, I venture to say, will be found to be very evenly distributed over the whole Dominion, although I know that iron of that kind may be classed almost with raw material; but I do not think any serious injury to the trade can result, and the tax can not much exceed 10 cents per hundred pounds. But this is a revenue which can be relied upon to be tolerably permanent, and, as I said, evenly distributed over the whole country. For the same reason we propose to add a very moderate tax, two and a half per cent. upon iron which already pays 5 per cent., as the Committee will see, in article 9, an amount

which, though small, will probably bring us about \$100,000 more. Now, Sir, in addition to this we have found that great abuses have been creeping into the collection of Customs in consequence of the privileges which have been granted in relation to the importation of the articles named in sections 4 and 5. Paragraph 4 relates to locomotive engine-frames and so on. We find that very considerable irregularities have crept in, and large amounts have had to be paid back on those articles by the Revenue Department. We cannot see any just or good grounds, when the country requires additional taxation, and when locomotives whole and entire pay 15 per cent., or as we now propose, 16 $\frac{2}{3}$  per cent., why these portions of locomotives should be admitted free. We propose that machinery for mills and factories not manufactured in the Dominion should also pay 10 per cent. The privileges granted to this class have been constantly abused, and whatever the merits or demerits of the class, we shall be obliged to ask the Committee to expunge it from the free list and add it to the 10 per cent. list. We also propose that ships' materials shall pay a tax of 5 per cent. The tax is a very light one, and a very large amount is annually expended in favour of that interest. As the interest on the money which we are expending for their benefit in a single year will largely exceed the amount of this tax, it is not unjust in us to extract some little revenue from that source. From somewhat similar reasons, and also because of the abuse caused by the admission of certain classes of goods which have no better claim than those used in other trades to be admitted free of duty, we have decided to ask the Committee to amend schedule C, by striking out certain articles mentioned in paragraph of 10 per cent. from the free list, and subjecting them to an *ad valorem* duty. In the Excise Department we feel it our duty to ask the Committee to increase the duty on spirits from 63 cents to 75 cents per gallon, which is probably as much as spirits can bear without causing illicit distillation. But I am inclined to think that we shall be able to collect the revenue without any particular loss. In connection with the specific duties which we propose, it is a fact that they really represent the rise in price of commodities which has occurred in the last ten or twelve years, that is



to say, since the period when the taxes were first imposed. That argument has been often used here in reference to the increase of subsidies to members of our hon. House and in other ways; and if it is good in one case it is entitled to considerable respect in another. We also propose to ask the Committee to increase the tax on manufactured tobacco from 15c. to 20c., and a similar alteration, as I have already mentioned, takes place in the Customs' duty on the same article. These two last duties, we hope, will afford us \$700,000 or \$750,000, making up a total revenue of about \$3,000,000, which will be needed to meet our increased expenditure, and to provide for the large public works in which we are engaged. There is one duty which I must apologise to the House for not having mentioned. It is the duty on sugar. We do not expect to obtain any considerable revenue from that source, and I am perfectly aware that it is one of the most difficult subjects in the whole sphere of taxation. Mr. Lowe and Mr. Gladstone, in the British Parliament, have both of them admitted the same thing. The Committee will observe that up to the present time we treat all sugars above No. 9 as being of the same value. We now propose to create two additional classes—one class equal to No. 13 and not over No. 16, upon which we propose to impose a duty of  $1\frac{1}{4}$  cents in addition to the *ad valorem* duty. The other class we propose to create is all above No. 16, upon which we propose to impose an additional specific duty of  $1\frac{1}{2}$  per cent., being an increase of  $\frac{1}{4}$  and  $\frac{1}{2}$  of a cent per lb. over present rates. According to the best opinions I could obtain, and according also to the opinions of the Customs authorities, the present duty is unfair in this respect, that the raw material is at present taxed at 50 per cent. *ad valorem*, while there is on refined sugars only a duty of 40 to 47 per cent. We propose to rectify this unfairness. The total amount expected to be derived from these new sources of revenue is about \$3,000,000, which is about the amount we require over the \$22,000,000 already estimated for in order to meet the enormous additional expense which we must expect during the next four or five years. It is necessary for us to make a fair and liberal provision, in view of our large and increas-

ing liabilities. For the purpose of meeting the additional expenditure rendered necessary by public works, I rely partly upon the additional provision I have made, and partly upon a very moderate increase in the commerce and trade of the country. We also trust to be able to make large reductions in our annual expenditure on public works and on the collection of revenue for the same. I may remark, Sir, in reference to some of those items, that the taxation upon them in other countries is greater than in Canada. On spirits in the United States the tariff amounts to about \$2 per gallon, and upon this they expect to receive and do receive a considerable amount of revenue. I notice that in the colony of West Australia, which is in a somewhat similar position to ourselves, they tax all kinds of spirits imported into the colony at the rate of ten shillings sterling upon the gallon. That, I think, is also the rate in England. I desire to draw the attention of the Committee to that point, because it is not to be supposed we should propose to place such rates upon these articles unless we found them quite as highly taxed in other countries similarly situated. I think the result which we expect will be arrived at, always provided that the consumption of spirits in this country receives no sudden and unexpected check. I think on the whole our tariff will be found to compare favourably with that of other countries in proportion to our population. It is a matter of some interest to observe that our tariff is not quite one-half as much as that exacted by the Government of the United States, while nevertheless it yields as much per head as theirs does, as any hon. gentleman may see by examination. This is a point of great interest as bearing on the vexed question of the limit of productive taxation. As regards our general position, our taxation will still be largely under the amounts paid by the people of the United States and England. Nevertheless, I do not desire to deny that it is a very grave matter to be called upon to impose this large additional amount. If the people of Canada desire, however, to carry out the projects they are committed to, these duties must be imposed. We wish to deal liberally with all, and to fulfil any obligations we may have entered into, but the extent of these burdens should be clearly understood, and also the

extent of the sacrifices which we are called upon to make, whatever they may be. It must not be forgotten that we have to provide for a large amount of money in connection with the working of the Intercolonial Railway, and thus we are bound to take a larger margin than we would otherwise require. My own conjecture upon the subject is that it will cost a great deal more money than this railway will earn to keep it running after it is finished. (Hear, hear.) With respect to the system of taxation we propose, I have not attempted, nor do I think that it would be possible, to impose it in such a way as that each separate and individual tax should be very nicely graduated, and bear evenly upon all classes of the people. I am afraid such a thing as this is impossible. I have tried to do it in so far as lay in my power, however, and if we are obliged to tax any particular class upon one particular article, I think the other duties have been so managed that it will be fully made up to that class by the manner in which other classes will be taxed upon the articles to be consumed by them, and on the whole I think the duties I propose will not bear unduly upon any class, though I do not pretend to say that the tariff, as it stands, is exactly the one which any one of us would like to bring down if we had the opportunity of commencing with a clear sheet. We desire, however, not to disturb existing interests more than we can help. Now, Mr. Chairman, I think I have put our scheme of taxation reasonably fully before the House. I desire to say as a general result, that although undue and unnecessary burdens have been forced upon us, I have no doubt that the country is able to bear them; but in order to complete these works which we have commenced, and which we are in honor bound to carry out, it will be necessary for the people to forego many valuable works of a more productive description. Many enterprises of a most useful character will have to be deferred for a considerable time. My hon. friends behind me will have to be as self-denying as possible, and they will require not to press very hardly upon us for such consideration as in other circumstances they might have fairly expected to be entitled to. I hope we will soon be able to work through this matter, and that in one or two

years we shall be fairly over it. But we must have time. It is utterly impossible for us to go on in the way we have been going. It is necessary for us to pause and consider our position, and determine how we are to face the burdens which we have undertaken. Let us have no further rash promises. Let us count the cost before we enter into any engagements for the future. And now I have to say, if I am mistaken in my estimates, if the expenditure prove not to be so great as I have calculated, if I have estimated our resources less than their proper value, no man will rejoice more heartily than I to find myself mistaken. My business is to consider facts as facts, and not to discount future good fortune till it has occurred. So far as I can see no reduction can be made except upon the two items I have referred to. It is just possible that some reduction can be made upon some others, but I am very much afraid that it will be small. An increase of duty is inevitable, and arises from circumstances over which this Government has no control. I do not think that any greater increase of the tariff than we suggest now would be wise. I think we have gone to the limit beyond which it would be impossible to pass without resorting to direct taxation, and I think also we must make up our minds for some little time to witness a temporary pause in the increase in our ordinary sources of revenue. I should be very glad indeed to be shown that I am mistaken in the matter, but frankly and candidly, I am afraid I am not. The only charge which can be brought against the Government is that, in their desire to deal liberally with all parties with whom engagements have been made, they may have been a little too liberal. I do not think they are open to any other accusation in the matter. It may be that those very expenditures may indirectly help our revenue; but I desire to say to the House that although I think the country can bear the entire burden we have imposed upon it without any great inconvenience. I do not think that much more taxation could be safely resorted to; nor do I think that we ought to be called upon to consider the question of raising any great amount by direct taxation. We will endeavor so to administer our resources as not to be under the necessity of coming before you again in this way asking for an in-

crease of tariff, and I have good hopes, if this House consent to grant us the supplies, that this will really be the case. In conclusion, I can say that in making my statement I have endeavoured to keep nothing back from the House. (Hear, hear.) I have endeavoured to put the question honestly before you. (Hear, hear.) If I have made any mistake, as possibly I may, I shall be glad to know and to correct it. Sir, I now desire to lay in your hands the resolutions which I have just had the honour of placing before the House.

The hon. gentleman took his seat amidst loud and prolonged cheers.

*Estimates of the Receipts and Expenditures of the Provinces of Manitoba  
British Columbia and Prince Edward Island.*

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in the following Estimates I have not taken the amounts actually payable for interest on the debt contracted by the Provinces, and for the amounts payable as Subsidies. Both of these will be apparently annually diminishing without any real reduction in the charge, the first by the redemption or conversion of existing liabilities, and the second by expenditure of the Dominion chargeable to the debt of the several Provinces. I have taken the debt and subsidy with which each was authorized to enter Confederation, which, with such additions as may from time to time be made to them, form a fixed charge. This is at any rate not unfair to the Provinces, as the debt which the Dominion assumed bore a higher rate of interest than 5 p. c., and it must be borne in mind that in these statements no account is taken of the Provinces' share in the general cost of Civil Government, Legislation, and the management of the public debt

JOHN LANGTON,

*Auditor.*

## RECEIPTS AND EXPENDITURE of Conso

RECEIPTS.	ESTIMATED.					
	1872-73.		1873-74.		1874-75.	
	\$	c.	\$	c.	\$	c.
Customs.....	303,885	29	270,000	00		
Excise.....	5,723	93	10,000	00		
Post-Office.....	13,926	69	30,000	00		
Public Works—Steamers.....	24,732	72	17,000	00		
Do. —Telegraphs.....	14,310	48	6,000	00		
Sundry Minor Revenues.....	13,339	86	4,300	00		
	375,918	97	337,300	00		

## RECEIPTS &amp; EXPENDITURE of Consolidated

EXPENDITURE.	ESTIMATED.					
	1872-73.		1873-74.		1874-75.	
	\$	c.	\$	c.	\$	c.
Customs.....	48,142	09	45,000	00		
Excise.....			3,000	00		
Miscellaneous.....	132	64	1,000	00		
<b>Total Ordinary.....</b>	<b>48,274</b>	<b>73</b>	<b>49,000</b>	<b>00</b>		
Dominion Lands.....	26,239	45	30,000	00		
N. W. Transport Service.....	12,492	00	7,500	00		
	87,006	18	86,500	00		

lided Fund for British Columbia.

	EXPENDITURE.		ESTIMATED.					
	1872-73.		1873-74.		1874-75.			
	\$	c.	\$	c.	\$	c.	\$	c.
Interest on debt authorized at 5 per cent.....	83,310	00	97,314	20	97,314	20	97,314	20
Subsidy authorized.....	183,000	00	183,000	00	183,000	00	183,000	00
Civil Government.....	8,499	92	9,000	00	9,000	00	9,000	00
Justice.....	38,609	32	35,395	00	40,395	00	40,395	00
Penitentiary.....			8,000	00	5,000	00	5,000	00
Legislation.....	2,200	63	3,753	45				
Immigration and Quarantine.....	5,000	00	6,000	00	1,000	00	1,000	00
Marine Hospitals.....			4,000	00	3,500	00	3,500	00
Pensions.....	2,595	56	2,595	60	4,000	00	4,000	00
Militia.....	464	27	2,000	00	2,000	00	2,000	00
Public Works.....	23,662	31	95,000	00	171,000	00	171,000	00
Ocean and River Steam Service.....	45,000	00	54,000	00	54,000	00	54,000	00
Light Houses.....	13,207	09	17,285	00	27,315	00	27,315	00
Steamboat Inspection.....					500	00	500	00
Indians.....	20,000	00	29,000	00	25,000	00	25,000	00
Miscellaneous.....	174	27						
Customs.....	24,477	56	24,000	00	21,940	00	21,940	00
Excise.....	1,285	77	5,500	00	4,200	00	4,200	00
Public Works.....	51,990	77	33,000	00	27,000	00	27,000	00
Post Office.....	59,370	94	66,000	00	78,000	00	78,000	00
	562,848	38	674,843	25	754,164	20	754,164	20

Fund, for the Province of Manitoba.

	EXPENDITURE.		ESTIMATED.					
	1872-73.		1873-74.		1874-5.			
	\$	c.	\$	c.	\$	c.	\$	c.
Interest on debt authorized.....	23,604	50	27,572	35	27,572	35	27,572	35
Subsidy authorized.....	43,600	00	43,600	00	43,600	00	43,600	00
Civil Government.....	7,000	00	9,000	00	9,000	00	9,000	00
Justice.....	8,750	42	12,000	00	16,000	00	16,000	00
Police.....	3,797	94	1,200	00				
Penitentiaries.....			5,000	00	2,500	00	2,500	00
Legislation.....	1,169	50	500	00				
Immigration.....	3,424	81	10,000	00	60,000	00	60,000	00
Public Works.....	10,274	15	20,000	00	100,000	00	100,000	00
Customs.....	8,352	58	11,800	00	9,950	00	9,950	00
Excise.....	1,592	53	3,000	00	3,000	00	3,000	00
Ordinary.....	111,576	43	143,672	35	271,622	35	271,622	35
Militia.....	148,750	91	140,500	00	15,000	00	15,000	00
Mounted Police.....			200,000	00	185,000	00	185,000	00
Dominion Lands.....	235,356	19	254,800	00	114,615	00	114,615	00
Indians.....	35,476	00	51,113	00	84,640	00	84,640	00
Miscellaneous—Rebellion Losses, &c.....	32,648	28	11,000	00	11,000	00	11,000	00
Red River route.....	211,046	32	141,500	00	196,500	00	196,500	00
	774,854	13	942,585	35	1,038,377	35	1,038,377	35



## Receipts of Expenditure of Consolidat

EXPENDITURE.	ESTIMATED.			
	1873-74.		1874-5.	
	\$.	c.	\$.	c.
Customs.....	170,000			
Excise.....	25,000			
Post Office.....	10,000			
Miscellaneous.....	1,500			
	206,500			

## ed Fund for Prince Edward Island.

EXPENDITURE.	ESTIMATED.			
	1873-74.	1874-5.		
	\$.	c.	\$.	c.
Interest on Debt authorized at 5 p. c. ....	235,052	50	235,052	50
Subsidy authorized.....	150,216		150,216	
Civil Government.....	7,000		7,000	
Legislation.....	2,500			
Justice.....	12,000		15,200	
Penitentiary.....	2,000		2,000	
Immigration of Quarantine.....	2,000		1,800	
Militia.....	6,000		6,000	
Public Works.....	1,000			
Ocean and River Steam Service.....	2,200		2,200	
Light-houses.....	10,000		11,000	
Fisheries.....	500		500	
Steamboat Inspection.....			500	
Indians.....	1,000		2,625	
Telegraphs.....	1,846		1,846	
Customs.....	22,000		22,500	
Excise.....	3,600		3,600	
Post Office.....	40,000		49,500	
Public Works.....	20,000		202,500	
	518,914	50	714,039	50