

CANADA.

BUDGET SPEECH

DELIVERED BY

HON. GEORGE E. FOSTER, D.C.L., M.P.

MINISTER OF FINANCE,

—IN—

THE HOUSE OF COMMONS,

TUESDAY, 5TH MARCH,

1889.



OTTAWA:

PRINTED FOR THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY.

A. SENECAI, Superintendent of Printing.

1889.

CANADA.

BUDGET SPEECH

DELIVERED BY

HON. GEORGE E. FOSTER, D.C.L., M.P.

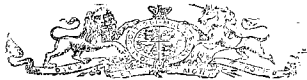
MINISTER OF FINANCE,

—IN—

THE HOUSE OF COMMONS,

TUESDAY, 5TH MARCH,

1889.



OTTAWA:

PRINTED FOR THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY.

A. SENECAI, Superintendent of Printing.

1889.

CANADA.

BUDGET SPEECH

DELIVERED BY

HON. GEORGE E. FOSTER, D.C.L., M.P., MINISTER OF FINANCE

—IN—

THE HOUSE OF COMMONS,

Tuesday 5th March, 1889.

Mr. FOSTER. Mr. Speaker, in rising to make my first financial statement before this House, it would not be otherwise than natural that I should experience feelings of trepidation, and even of timidity. When I look at the line of men, distinguished Canadians, who, since Confederation, have had entrusted to them the keeping of the purse-strings of this country, men in every case of acknowledged ability and of an experience far greater than my own; when I have regard, as well, to the responsible nature of the duties which have been devolved upon me, and the fact that every action of the present leaves its impress upon the future, I would be the reverse of serious or thoughtful if I did not throw myself to-day upon the kindness of the House, and ask those who are older and more experienced than myself for their generous indulgence, and ask also for the equally generous sympathy of those who are, in point of years, more nearly my contemporaries and co-laborers in the work of this House. The wise and vigorous policy of the preceding years, a kindly providence which, during the past year, has not forgotten this, one of her most favored countries, and a growing spirit of confidence in commercial operations, have contributed to a fullness of the Treasury, and to a peace and prosperity, general throughout the country, which serve to make easier the otherwise formidable task which has fallen to my lot. Canada to-day, standing in this her majority year, and looking back upon the record of her past, has every reason, I think, to survey that record with pride, and turning towards the future, although it may have its difficulties which are to be surmounted. I believe that from this same vantage ground she has every right to step forward into that future, with full assurance that in it she will find peace, plenty, prosperity

and continued greatness. Standing upon this point of vantage ground, this country asks no concealment of the real facts of her record, she asks no flattery, and while she does not wish to have concealed from her the difficulties incident to progress in all climes and in all ages, I think she is willing to stand by the record of facts, and whatever merits or demerits my statement may have, I trust, that so far as it goes, it will have the merit of candour, frankness and plainness of statement. With these few preliminary remarks, I beg the indulgence of the House while I proceed to the common-place and not always interesting statement with respect to the past the present and the succeeding year.

THE FISCAL YEAR 1887-88.

For the year 1887-38 the statement of my predecessor was that Customs would yield \$22,000,000; Excise, \$6,450,000; Miscellaneous, \$7,550,000, a total of \$36,000,000. The actual receipts have been as follows:—Customs, \$22,105,926; Excise, \$6,071,486; Miscellaneous, \$7,731,050, or a total of \$35,908,463; or less than the estimate by \$91,536. This difference in the actual receipts, as compared with the estimated receipts, arises from a falling off in the Excise of \$378,513, whereas Custom shows an increase of \$105,926, and Miscellaneous, an increase of \$181,050. The following are the principal items of increase, compared with 1886-87:—

Brass, and manufactures of	\$ 7,152 19
Grain of all kinds	2,834 31
Drugs, Dyes, Chemicals and Medicines	37,503 23
Earthenware and China	7,358 57
Fruits and Nuts, dried	21,134 46
Iron and manufactures of, and Steel, manufacture of	463,758 27
Oils, Coal and Kerosene, and products of	7,942 10
Oils, all other	19,932 30
Paper, and manufactures of	60,616 38
Pickles, Sauces and Oapers of all kinds	20,863 21
Provisions (Butter, Cheese, Lard and Meats)	57,184 14
Spirits and Wines	237,384 35
Sugar of all kinds	25,806 55
Molasses	31,223 13
Sugar Candy and Confectionery	4,560 23
Wood, and manufactures of	21,617 48

On the other hand, the following articles show decreased revenues, viz.:—

Books, Periodicals, &c, and all other printed matter	\$ 4,864 89
Arrowroot, Biscuit, Rice, Macaroni, Bran, &c	48,836 58
Flour and Meal, of all kinds	54,120 76
Carriages	40,415 67
Coal and Coke (nuttable)	427,646 89
Collars, Cuffs, and Shirt Fronts	19,796 39
Cotton, manufactures of	197,860 32
Fancy Goods	73,277 78
Flax, Hemp, Jute, and manufactures of	33,847 49
Fruits, green	37,910 92
Glass, and manufactures of	9,503 36
Gold, Silver, and manufactures of	16,220 33
Gutta-percha, India Rubber, and manufactures of	8,419 18
Jewellery	13,162 22

Leather, and manufactures of	25,374 84
Oilcloth.	9 947 10
Silk, and manufactures of	32,612 20
Tin, do do	12,875 92
Tobacco, do do	71,717 79
Wool, do do	374 914 00
All other dutiable articles.....	49,617 06

In the Excise, as I have stated, there was a falling off of \$378,513 in duty collected. The statement shows that in 1886-87 the number of gallons of spirits upon which Excise duty was paid was 2,882,265 gallons, while in 1887-88 the quantity was 2,405,716, a difference in quantity of 476,549 gallons, giving a difference in revenue of \$638,697.94—a very considerable falling off, as the House will see, in the revenue from spirits. Malt liquors, however, show a decided increase, the quantity being 48,640,467 lbs. in 1887-88, as compared with 42,630,440 lbs. in 1886-87, the increase being 6,010,027 lbs., and the increase in revenue being \$60,162.19. In cigars there is an increase of 4,811,735 in number, and an increase in revenue of \$23,373 68. In tobacco of all kinds, including snuff, there is an increase of 431,439 lbs., and an increased duty of \$72,368.30.

The expenditure as estimated for by my predecessor in office, was \$37,000,000. The actual expenditure has been \$36,718,494 a difference of \$281,506 on the right side, so far as the accounts are concerned. Sir Charles Tupper estimated there would be a deficiency of \$1,000,000 as between the receipts and expenditure for the year 1887. His estimate happily was over the mark, and the total deficit amounts to only \$810,031. It is, however, to be remembered by the House, and it will be remembered as well by the country, that although I speak of a deficit in 1887-88 of \$810,031, we must also keep in mind that there has been a set-off against the public debt of \$1,939,077 as sinking fund and investment for interest on sinking fund, so that there is an offset against the debt of \$1,939,077 and a deficit of \$810,031. That is to say, if we had not offset the debt by the amount named, we would not have had a deficit on the consolidated fund account, but a surplus of \$1,129,046. The items of capital expenditure in the year 1887-88 are as follows :—

Railways and Canals.....	\$2,708,704
Public Works.....	963,778
Dominion Lands	135,048
North-West Rebellion.....	539,930
Total.....	\$4,437,460

To this is to be added the expenditure for railway subsidies under the Acts, \$1,207,041, and a redemption of debt, \$3,185,638, making a total capital expenditure of \$8,650,159. But as the redemption of debt counts on both sides it does not affect the net debt, and the statement with reference to the net debt is as follows :—

On 1st July, 1887, it amounted to	\$217,313,911
On 1st July, 1888, it amounted to	234,531,358
Increase for the year.	\$7,217,447

That has been explained by the different items of capital expenditure which I have read, and this House is now in possession of the facts as to the items upon which this capital expenditure was made.

THE FISCAL YEAR 1888-89.

For the year 1888-89, the estimates made by my predecessor were as follows:—

That

Customs would yield.....	\$12,500,000
Excise would yield.....	6,650,000
Miscellaneous.....	7,750,000
Total.....	\$33,900,000

Up to the 28th of February, 1889, the receipts for the eight months are as follows:—

Customs.....	\$15,303,700
Excise.....	4,619,841
Miscellaneous.....	4,693,225
Total for eight months.....	\$24,616,766

If we estimate for the remaining four months in this year a revenue equal to the revenue of the four similar months of 1887-88, there would be added to the above receipts for the eight months, in

Customs.....	\$ 8,230,27
Excise.....	2,448,302
Miscellaneous.....	3,305,955
Total.....	\$13,984,528

Which will make the amended estimate as follows:—

Customs.....	\$ 23,533,971
Excise.....	7,068,143
Miscellaneous.....	7,999,180
Total.....	\$ 38,601,294

To be within the mark I will call the amended estimate upon the above basis \$38,500,000, as contrasted with the \$36,900,000 estimated for last year. Then with reference to the expenditure: For the full year 1887-88, the expenditure was \$36,718,494. From the 1st July to 28th February of the present year the expenditure was \$21,972,826. If we add to the expenditure for those eight months past, a similar amount to that expended in the last four months of the past year, which I think will be sufficient, there is to be added to that, \$14,397,565, making a total upon that basis of expenditure of \$36,370,391. There will be some further Supplementary Estimates to make up for Governor General's warrants and for some other expenses of that year, and I think it is safe to say that it will be within the mark that the expenditure for the present year will amount to \$36,600,000 as against estimated revenue of \$33,500,000, leaving for the current year, I think, without any probability of doubt, a surplus of \$1,900,000. That, Mr. Speaker, I think is a very satisfactory statement

to be made to the House and the country. It is a condition of things which has not arisen from any increased rate of taxation, but under the very same tariff as the preceding year's receipts were based upon. Consequently, it shows an increased ability to consume, and therefore an increase in the prosperity of the country. The capital expenditure for 1888-89 is estimated as follows :—

CAPITAL EXPENDITURE, 1888-1889.

	Paid to 31st January, 1889.	Estimated from Feb. 1st to 30th June.	Total.
Railways and Canals	\$ 2,414,557 00	\$ 358,310 00	\$ 2,772,867 00
Public Works.....	218,283 77	168,418 23	385,700 00
Dominion Lands	61,342 41	38,657 59	100,000 00
North-West Rebellion.....	1,205 11	1,205 11
Railway Subsidies.....	614,443 00	538,985 00	1,183,428 00
Redemption of Debt.....	2,132,023 21	972,362 91	3,094,386 12
Total Capital Expenditure, 1888-89.....	\$7,537,586 23

The estimate for the succeeding four months in this year was according to the best information that I could get from the different departments. The total capital expenditure, as I have pointed out, will be \$7,537,586.23, of which, of course, \$3,094,386 being for redemption of debt will not affect the net debt estimate. The net debt on

30th June, 1888, was.....	\$234,531,358 00
28th February, 1889.....	\$236,095,114 34
1st July, 1889 (estimated)	\$236,650,000 00

ESTIMATES FOR FISCAL YEAR, 1889-90.

We now come to the year 1889-90, about which there is, of course, less certainty. Having regard to the state of things in the present year, and to the very general favorable outlook for commerce and trade, not only in our own country but in the great commercial countries of the world, I have made an estimate for 1889-90, which is based upon the continuance of the prosperity and the continuance of those results of trade which have obtained for the present current year, and I have simply calculated for increased revenue on the increase of population, which you may expect in the year, of $1\frac{1}{2}$ per cent. My estimate for 1889-90, is as follows :

Income—Customs	\$23,900,000
Excise.....	7,125,000
Miscellaneous	8,150,000
Total	\$39,175,000

This is based on the present rates of tariff and a continuance of the present condition of the country, as I have said before. The estimates that have been laid before the House amount to \$35,400,000. I cannot say with certainty what will be the total

amount of the supplementary estimates yet to be brought down. If we can succeed in curbing the naturally kind and generous heart of my colleague the hon. Minister of Public Works, and if we may rely on the general sense of economy and desire to do with as reasonable an amount as possible which has been so eminently manifested by members on both sides of the House, I think I may fairly expect that the supplementary estimates will not reach an exceedingly high figure. However, to make an estimate which will be inside the mark, suppose we say that the estimates now brought down shall be increased to \$36,500,000, we shall then have a surplus for the year 1889-90 of \$2,675,000. That, I think, will also be satisfactory to the House, inasmuch as this estimate is not based upon any increase in the rates of tariff, but simply upon the present rates of tariff, and the general condition of the business of the country.

INCREASES AND DECREASES IN ESTIMATES, 1889-90.

It might not be unprofitable to call the attention of the House to the items of the estimates brought down, as compared with the estimates of the preceding year, because I think they show a fairly satisfactory list of decreases. The items in which there are increases are not very many, and can be easily explained. For the public debt, including sinking fund, there is an increase of \$48,061, because, of course, the debt being larger on account of the loan, and the sinking fund investments increasing year by year, there must necessarily be an addition. In Civil Government there is an increase of \$5,107; but the House must bear in mind that we have transferred this year an item of \$13,053 from the immigration vote, where it formerly was, to Civil Government; so that, taking into account that transfer as well as the statutory increases which have been provided for, an absolute saving of some \$8,000 has been made. The total amount of the statutory increases for 1888-89 are \$20,732, which, added to the amount of the transfer from the immigration vote, makes \$33,785; from this amount take the net increase of \$5,107, and the result shows that we have saved, outside of the statutory increases, \$28,678 in other items of Civil Government, which, although not a large sum, indicates economy, and, I hope, is but a step in the right direction.

The next increase is in the administration of justice, \$12,060. As this is vouched for by my hon. friend and colleague the Minister of Justice, I have no doubt it is a perfectly satisfactory increase, and one which will be quite palatable to the gentlemen of the legal persuasion on both sides of the House, who, I observe, never object to an increase in the salaries of the judges. This, however, is not caused by an increase in the salaries of the judges, but is owing to appointments of new judges, and also to the expense incurred in the establishment of the new Exchequer Court. There is a slight increase in Dominion Police, of \$1,400, rendered necessary by the employment of extra men about the new building, which will soon be occupied. The other increases are not large, until you come to the Department of Indian Affairs, in which there is an increase of \$32,138, made necessary by the establishment of industrial schools, a policy which has been tried with most excellent results in the country to

the south of us, and which is based upon a sentiment which I am sure will commend itself to both sides of this House. The other large increase is in Railways and Canals, \$293,625, which is largely on the Intercolonial Railway, rendered necessary by the purchase of new rolling stock for the accommodation of an increased traffic, and which will be offset in part, if not altogether, by increased earnings. When you come to the list of decreases, it is fairly long and fairly satisfactory. There is a decrease in the management of penitentiaries of \$4,322, in legislation of \$9,385, in arts, agriculture and statistics, of \$14,000, and in immigration of \$21,254. Assisted passages have been entirely done away with, and all arrearages with reference to them have been paid up. There is a reduction in quarantine of \$24,200, in pensions and superannuations of \$15,965, in militia of \$29,700, in railways and canals (income) of \$72,643, and in public works of \$1,007,894, though I suppose, when the supplementary estimates are brought down, the last figure will be somewhat reduced. In lighthouse and coast service there is a reduction of \$53,500. That, however, does not mean that there will be less efficiency in that service, but it is owing to the fact that for a number of years past, a larger vote has been taken for this service than has ever been expended, and the experience of a number of years has shown that it is possible, with due regard for events that may occur, though at present unforeseen, to make the vote that much smaller without impairing the efficiency of the service. In subsidies to Province, there is a decrease of \$88,454, based upon changes which have taken place in the arrangement, which, I may say, is now practically concluded, between the Dominion and the old Provinces of Canada, with reference to the settlement of their accounts. There is a decrease in the Mounted Police vote of \$26,783, and in miscellaneous of \$162,621. In all, the decrease from the estimate of last year amounts to \$1,328,977, which will, no doubt, be some what pulled down, as I have stated, by the supplementary estimates which have yet to appear.

THE DEBT OF CANADA.

Now, after having given as best I could, without occupying too much of the time of the House, an explanation of the expenditure of the three years of which I have treated, I wish to say a word or two with reference to the condition of the debt of Canada as it stands at present. In 1867, the net debt of Canada was \$75,728,641; in 1874, when we had completed the Union of the Provinces, which now form Confederation, it was \$108,324,965. At present, it is \$234,531,553. The burden of carrying a debt is measured by the amount required to pay the interest. Measured in that way, we find that in 1868, it required a *per capita* payment of \$1.29 to meet the interest; in 1874, it required a *per capita* payment of \$1.34; and in 1888, a *per capita* payment of \$1.79. The increase in 1888, over 1868, was, therefore, 50 cents per head, and over 1874, 45 cents per head. It is also important to note the decrease in the rate of interest. In 1863, the rate of net interest averaged \$4.51; in 1874, it averaged \$3.61; and in 1888, the average net rate of interest has fallen to \$3.12. It must also be remembered, in making a fair estimate of this debt, that there was assumed, as debts of the Provinces, not created for federal purposes, a sum of \$169,130,148.69

which, although it added that much to the indebtedness of the Federal power, relieved the different Provinces by exactly the same amount, and placed the management of that large indebtedness in the hands of the Federal Government, where it is managed at a smaller rate of interest and with less burden to the country in general than if it had been left in the hands of the Provinces. Deducting this debt assumed for the Provinces of \$109,430,143.69 from the net debt, in 1883, of \$231,531,358, we have a federal net debt of \$125,101,209.31 in excess of the assumed debts, and which is offset by this consideration, that during that period named there has been a total capital expenditure of \$179,709,974. Thus, our capital expenditure, which has been almost entirely for public works necessary for this country, has exceeded the increase of the debt for strictly federal purposes by \$54,603,764.69. I may say that the excess in the net interest per head necessary to bear the burden of this debt, in 1888, over 1863, is 50 cents *per capita*; over 1874, 45 cents *per capita*; over 1879, 20 cents *per capita*; and over 1880, only 15 cents *per capita*. In 1880, my hon. friend who preceded me (Sir Charles Tupper), and who to-day I am glad to see on the floor of this House, was struggling with the problem of railway connection between the Atlantic and Pacific seabords of this country—a problem which had engaged the best attention of the best minds of this country since Confederation, and which bore so intimately on the future prosperity and progress of Canada, that it assumed the status of the foremost question in our politics, the solving of which would reflect credit on the minds engaged in it and would cause them to be held in grateful remembrance by this country. In 1880, we had not made the contract with the Canadian Pacific Railway, and we had not commenced to incur that vast expenditure which we afterwards incurred in the subsidy we gave for finishing the remaining part of the Pacific trans-continental railway, which had not been undertaken as a Government construction. Taking the net interest per head in 1880 and comparing it with that of 1883, when the Pacific Railway had been finished and the large expenditure we had incurred to complete it was added to our public debt, as it is, we find that the additional interest burden which the country was made to feel to carry that indebtedness was but 15 cents per head of its population.

THE DEBTS OF CANADA AND THE UNITED STATES.

It is a common error to take the debt of Canada and compare it with the federal debt of the United States, in order to make a point as against Canada and in favor of the United States, or, to speak more truly, to make a point against the Government which is now in power on account of its alleged extravagance in increasing the public debt. I do not know that a more unfair comparison could be instituted than a comparison between the Federal debt of the United States and the federal debt of the Dominion of Canada. Broadly stated, the comparer says: Look at the United States; to-day it has a debt of \$20.42 per head of its population. Look at the Dominion of Canada; to-day it has a debt of \$47.16 per head of its population; and the comparison always tends, as these financial comparisons must, to prejudice the minds of those who do not see through it, in favor of the country

which, seemingly, has a lighter debt and against the country which, seemingly, has a heavier debt. Now, if by a simple statement to-day I can set, to a certain extent, at rest and dispose of this comparison of two things so dissimilar, I shall feel that I have performed a duty, not only to the party in power, but to this House and to the country as well. Things which are dissimilar cannot be fairly compared. The constitution of the United States and the constitution of Canada are very different, so far as financial matters are concerned which lead to public debts and to public expenditures. The United States, in the first place, assumes no debts of its different States. The Dominion of Canada has assumed the debts of its Provinces to the amount of \$169,430,148.69. The United States pays no subsidies to its different States. The Dominion of Canada has paid in subsidies to its different Provinces, since Confederation, \$72,316,029.95. The United States, assuming no debts of its States, pays no interest upon the debt which it does not assume. The Dominion of Canada has paid in interest on the debts assumed for the different Provinces, \$98,344,243.20 from Confederation up to the present time. Then, as regards the Administration of Justice, I think I am right in saying that, in the United States of America, they pay the nine Judges of the United States Supreme Court, they pay Circuit Judges, nine in number, and they pay District Judges thirty in number. Outside of that, they incur no expenditure for the Administration of Justice. In the Dominion of Canada, we all know the state of things in relation to the payment for the Administration of Justice, and from Confederation up to the present time there has been paid for the Administration of Justice, \$10,821,542.90. If Canada had based her system on the same foundation as that of the United States in reference to the Administration of Justice, we would certainly not have had to pay more than one-half of that amount. Then, in regard to Immigration and Quarantine, we find that we have paid \$5,571,631.81 since Confederation. The United States Government pays little or nothing for Immigration and Quarantine. For Militia and Defence, this Government has paid \$21,851,635.50 since Confederation. In the United States, they keep up West Point Academy, and a small standing army, but the Militia throughout that vast country is kept up at the expense of the different States, so that, if Canada had been in the same position as to these matters as the United States, it would have saved at least one-half of that sum. For Penitentiaries we have expended since Confederation, \$5,611,696.54. The Penitentiaries in the United States are supported, not at the charge of the Federal power, but at the charge of the different States. Then, we have expended for the salaries of Governors, \$2,250,643.01. In the country to the south of us the salaries of the Governors are paid by the States and not by the Federal power. If Canada had set out on the same basis as the United States, she would have saved the assumed debts of the Provinces, the subsidies paid to the Provinces, the interest paid on the debt assumed from the Provinces, the amount paid out for Penitentiaries, the amount paid for the salaries of Governors, at least half the amount she has paid for Militia and Defence, at least half the amount paid for the Administration of Justice, and the whole amount paid for Immigration and Quarantine, amounting in all to no less a sum than \$309,862,987.40. The net debt

of Canada to-day is \$234,531,358; so that, if Canada had set out from the first on the same basis as the United States, and had made no payments that the Federal Government in that country does not make, she not only would have had no debt at present, but would have had

A surplus of \$75,329,629.40.

Some hon. MEMBERS. Oh.

Mr. FOSTER. Hon. gentlemen may treat this as a good joke, but from their point of view it is no joke, for, as soon as this gets before the people and into the minds of the people, a stock argument of the hon. gentlemen opposite will be forever taken from them, which is their comparison on an unfair basis of the debt of the United States with ours, and always to the advantage of the United States and to our disadvantage. But, coming to the question of debt, Canada is not the country most burdened in the world in that respect. The whole of the Provinces of Australasia show a debt per head of \$218.65; New South Wales, \$199.20; Victoria, \$156.82. Then France has a debt of \$179.66 per head, and Belgium of \$62.15. So that this country, as far as its indebtedness is concerned, has, in the first place, a debt which I believe is not disproportionate to its ability to pay; and in the second place, it is not in a disadvantageous position when compared with other progressive countries in the world. Sometimes we talk of national debt as if it meant ruin and disaster. I have before me a table showing the net and funded debt of the cities of New York, Brooklyn, Boston, Baltimore and Philadelphia. Those five cities combined have a debt of \$243,252,719, or \$57.43 per head. And yet these are most prosperous cities.

TAXATION AND ITS INCIDENCE.

Leaving the question of the debt for a moment, I come now to the question of taxation and its incidence upon the country. Before taking up that question, however, with the kind indulgence of the House, let me ask their attention to a fact which is patent to all hon. members, but which I repeat in order that we may bear it in mind as this discussion progresses; namely, that it is unfair to take the total revenue of the country as an index of the burden of taxation on the people. The total revenue is made up of the Customs tax and the Excise tax, and what we may call the gross earnings, such as the proceeds of our Post Office, the proceeds of our Railways, the proceeds of our Public Works, the tolls and fares, and fees, that are paid upon them for services which they render to the country. There are also public funds which are invested in different ways, which earn and yield so much to the revenue of the country, so that, in every case, we have first to take away the earnings from the total revenue in order to get at what is really to be denominated the taxation of the country—that is the Customs and Excise duties. I hold in my hands a tabulated statement as follows, showing :—

EARNINGS AND TAXATION by Customs and Excise Duties, and proportion to population, 1868-1888.

Year.	Earnings.	Amount per Head.	Customs.	Amount per Head.	Excise.	Amount per Head.	TAXATION.		Percentage of Total Revenue.
							Gross Amount.	Average per Head.	
	\$ cts	\$ cts.	\$	\$ cts	\$	\$ cts.	\$	\$ cts.	
1868.....	1,987,247 41	0 59	8,578,380	2 54	3,002,588	0 89	11,700,681	3 47	85.48
1869.....	3,266,601 51	0 96	8,272,879	2 42	2,710,028	0 79	11,112,573	3 26	77.28
1870.....	2,424,342 98	0 70	8,334,212	2 70	3,619,822	1 05	13,087,882	3 79	84.37
1871.....	3,015,192 11	0 86	11,841,104	3 16	4,285,944	1 22	16,350,368	4 64	84.41
1872.....	2,599,761 64	0 83	12,787,982	3 54	4,735,651	1 31	17,715,502	4 91	85.62
1873.....	3,196,914 67	0 87	12,954,164	3 63	4,440,681	1 22	17,616,554	4 80	84.64
1874.....	4,075,907 37	1 07	14,326,192	3 74	5,694,903	1 46	20,129,185	5 26	83.16
1875.....	3,983,836 08	1 03	15,361,011	3 95	5,069,687	1 30	20,664,878	5 32	83.84
1876.....	3,973,172 03	1 01	12,823,837	3 25	5,563,487	1 41	18,614,415	4 71	82.41
1877.....	4,361,349 29	1 09	12,546,987	3 14	4,941,897	1 23	17,697,924	4 41	80.23
1878.....	4,533,073 69	1 11	12,782,824	3 13	4,858,671	1 19	17,841,933	4 37	79.74
1879.....	4,040,768 79	0 97	12,900,659	3 11	5,190,763	1 30	18,476,613	4 46	82.05
1880.....	4,827,830 25	1 15	14,071,343	3 34	4,233,427	1 00	18,479,576	4 38	79.29
1881.....	5,693,168 19	1 31	18,406,692	4 23	5,343,022	1 23	23,942,188	5 61	80.79
1882.....	5,834,409 07	1 32	21,581,570	4 87	5,884,859	1 33	27,545,046	6 22	82.52
1883.....	6,524,950 59	1 44	23,009,582	5 09	6,260,116	1 39	29,269,698	6 48	81.77
1884.....	6,378,762 54	1 38	20,033,890	4 43	5,459,209	1 18	25,483,199	5 53	79.98
1885.....	7,412,471 90	1 58	18,586,428	4 03	6,449,101	1 37	25,384,529	5 40	77.39
1886.....	7,950,584 18	1 66	19,373,551	4 04	5,852,904	1 21	25,228,456	5 26	76.03
1887.....	7,067,991 32	1 45	22,378,501	4 59	6,208,101	1 29	28,687,002	5 88	80.23
1888.....	7,731,050 35	1 55	22,105,926	4 45	6,071,487	1 22	28,177,413	5 67	78.47

From this table it will be seen that in 1868, the earnings of the country amounted to \$1,987,247.11, which was equal to 59 cents per head of the population. In 1888, the earnings amounted to \$7,731,050.35, or \$1.55 per head of the population. That is a gratifying increase in the earnings, which do not mean taxation, from Confederation up to the present time. The Customs receipts in 1868 were \$8,578,380, or \$2.54 per head. The yield from that source in 1888, was \$22,105,926, or \$4.45 per head. The Excise revenue in 1868, was \$3,002,588, or 89 cents per head, while the yield from Excise in 1888 was \$6,071,487, or \$1.22 per head. The gross amount of taxation in 1868 was \$11,700,631, an average of \$3.47 per head, and in 1888, it was \$28,177,413, or an average of \$5.67 per head. That is a fair, plain and candid statement of the increase which has taken place in the earnings and in customs in this country from 1868 to 1888.

TAXATION OF TWO KINDS.

Now, a distinction might be made between what we may call voluntary taxation and that which is not denominated strictly under that name, but which it is difficult indeed to find a term well to define. What I mean is this— and the statement may go for what it is worth, and it is made particularly with reference to a favorite method of comparison or calculation which states that the taxation of this country is so much per head of its population, as indicating, by the naming of it in that way, that every man, woman and child in the country has perforce to pay that much per head into the coffers of the country. Taxation, then, may be of two kinds—voluntary, and what you may call involuntary taxation. What I mean by it is this: I, for my part, do not use tobacco and do not use intoxicating liquor. My case, which is the case of hundreds of thousands, I think of millions, of people in this country—

An hon. MEMBER. No, no.

Mr. FOSTER. If not of millions now, it will be by and bye, at no very distant period when my pleasant friend, who is looking upon me, comes to think as I do, and as so many others of the people of this country do think. The total revenue for 1887-88 was \$35,908,463.53, or an average of \$7.22 per head. The earnings amounted to \$7,731,050, which was \$1.55 per head. That leaves \$28,177,413 for what we call taxation, an average of \$5.66 per head. But out of this 28 million odd dollars there was paid into the coffers of the country \$8,081,720 for tobacco and liquors alone, an equivalent of \$1.78 per head of the people. Now that is a voluntary tax. A man may pay that or he may not. If he chooses to think that these are luxuries which he wishes, or if he chooses to denominate them necessities which he must have, he pays a tax upon them. They do not fall in the line of such necessary articles as the staple foods and the staple articles of wear; so that if you take them out, it leaves a *per capita* taxation, on an average, in this country, of \$3.88, instead of a total taxation of \$5.66 per head.

THE PER CAPITA CALCULATION.

But, Sir, I wish to go a step further, and say that this method of *per capita* calculation is a clumsy and a misleading method, in my opinion, and I wish to give the House my reasons for it. The critic says: "There is a certain revenue which is collected in this country; divide that by the number of people in the country, and it gives you to-day \$5.66 per head. For a family of five this means that they pay \$28.30 into the coffers of the country. That is an inordinate taxation, and the poor man especially who lives by his day's work, is not able to pay that and keep his family together and live fairly prosperous in the world." Now, I say that the incidence of taxation, so far as my opinion goes, is not fairly stated by a calculation of that kind. I think we all agree that luxuries should pay most, and that necessary and staple articles should either pay less, or pay nothing at all; and that if taxation is to be laid, we, at least on this side of the House, believe that it should be so laid as to compensate, by its stimulation of industries, its employment of labor, and the increased consumption which it gives, for the taxation which is laid upon the country, and which is necessary for the carrying on of the Government. Now, if that be true, I affirm that Canada to-day, in her geographical position, with her natural resources, of the peculiar kinds that they are, is a country which is particularly happily situated for the system of taxation which has been the policy of this country from 1878 until the present day. For, Sir, Canada is a country which, in comparison with most other countries in the world, has an advantage in possessing an over-supply of the great staples which are necessary for food, for lodging, and for the staple wants of the country. She has her forests with their immense resources, and the houses that are to be built, the barns that the farmers and the people require, and these works which require lumber as their staple, find in the country itself great resources in that respect, with a surplus going every year into the foreign markets of the world. The same is true with reference to the great cereal productions of the world. Canada is a country which produces more wheat, produces more barley, produces more staple foods of most kinds than is necessary for the sustenance of her people, and in those ways she is happily situated so far as the great necessities of life are concerned.

THE RICH MAN'S CONTRIBUTION.

Now, to come down to what may be considered a very common, but I think, a very practical illustration, let me take the case of three persons to illustrate the incidence of the taxation. Here is your well-to-do man, who has means, who has luxurious tastes, and who is disposed to gratify them. With that no one finds fault, but this country says that if he is disposed to gratify them, and has the means to do it, he shall pay a tax for doing it if he goes outside the country to get his luxuries and to get the things which he desires. Sir, if such a man as that buys in the city of New York \$1,000 worth of fine furniture and brings it into Canada, the country taxes him to the extent of \$350 upon that. If he is musically inclined and buys a piano which is worth \$1,000, he pays upon that, when it comes across the customs line, \$230. If

he is fond of statuary and makes an investment in that line to the extent of \$500, he pays \$175 in duty in bringing it across the line. If he buys expensive plate to the value of \$500, the duty upon it is \$150. If he wears jewelry, or buys it for his household and brings it from a foreign country to the value of \$500, he pays \$100 duty upon it. If he is fond of wine and lays in 20 dozen of champagne, he pays upon that a tax of \$130. If he requires silks for the wear of himself and his family, to the modest tune of \$300, and imports them, he pays a tax of \$90. If he wishes a fine carriage and sees one to satisfy him there, and brings it across the line, and pays for it \$500, he pays a duty of \$175 upon it. Upon carpets for his house of extra make, which he may buy in a foreign market to the extent of \$800 in value, he pays a duty of 25 per cent, or \$200. Upon that modest stock of luxuries for a man of means who is disposed to gratify his desires in that respect, he has paid into the treasury of the country \$1,600 in duty. That is one man's contribution, but it is the contribution of a rich man who wishes these luxuries, who imports them from abroad, and who, the country says, being able to pay for them, must keep up the revenue of the country by paying a tax upon them.

THE FARMER'S CONTRIBUTION.

Now, Sir, we will take No. 2, and that is the case of the farmer of this country, whom we all love, and for whom we all desire to do the best we can. The farmer of this country lives upon his farm in the rich Province of Ontario, we shall say. Nearly all the foods that are used by the farmer are raised upon his own farm and pay no duty; the wheat he raises he has ground at the neighboring mill, it is brought into his home and he pays no duty upon it. The home itself, the outhouses, the barns, all that is necessary in the way of housing for the work of the farm is built out of woods which grow in this country, of which we have a surplus and upon which he pays no duty.

Mr. McMULLEN. What about the nails?

Mr. FOSTER. The clothing for himself and his family is in many cases made from the wool which is raised by the farmer himself, or, if not raised by the farmer himself, he clothes himself and his family with the products of our mills, the raw material of which is admitted free. His lumber of all kinds, his furniture of all staple and solid kinds, his farming machinery, is made, and made to the best advantage, out of the woods of his own country. His fuel grows in the forests which are all about him, or is found in the mines in inexhaustible quantities in this country. So that, taking it in the gross, in the rough, the staple articles of consumption, and of housing, and of fuel for the farmer are those of which this country produces a surplus, which are free within the borders of this country and upon which not one cent of tax is paid. An hon. gentleman said: "What about the nails?" With that infinitesimal cast of mind which characterises him, out of the hundreds and thousands of dollars which are required to buy raw materials for the home, and which are free to the farmer who buys them, the hon. gentleman's mind leads him to look at the few pounds of

nails which are necessary to keep the structure together, and upon which a duty may perhaps be paid. That argument, as an hon. gentleman suggests, is clinched.

Mr. LANDERKIN. All our farmers do not wear homespun.

Mr. FOSTER. No. 3 is the artisan. He does not live on a farm on which he is able to raise what he consumes, but he lives in a village or town; but the articles of food which he buys, the clothing which he wears, the lumber he requires for house purposes, the furniture which he puts into his home, the tools which he uses to a large extent and the fuel he burns, which are the larger items in the expenditure of the artisan as well as in the expenditure of the farmer, are obtained in this country, which produces a surplus of them, and no duty is paid upon them. So, I say, that in this country with its present fiscal system and with its peculiar natural advantages, the system of tariff arrangement under which we live is one which brings the incidence of taxation where it should rest most heavily, upon the man who buys luxuries and has expensive tastes and is willing to gratify them, and least heavily upon the farmer, the well-to-do middleman and the artisan and the laboring class. There is this other fact, which I think is one of considerable importance, that the peculiar structure of our tariff arrangement makes almost a necessity, at least it makes it a possibility, that as the raw material which comes in as the material for manufactures is untaxed, while the manufactured article pays tax, the stimulus given leads to the establishment of new industries, which in their turn gather about them labor and so afford employment to the people, and make in their turn centres for the consumption of the surplus products of the country. Sir, to make that argument just a little stronger, let me say that if hon. members will look into the customs returns they will find that more than 200 articles which enter into the manufacture of goods come in duty free, and that one-third of the total imports for home consumption were, in 1887-88, admitted free of duty in this country.

TAXATION IN CANADA AND UNITED STATES.

Sir, the comparison is made as well between the debt of the United States and the debt of Canada as it is between the taxation of the United States and the taxation of Canada, and the basis in one respect is almost as unfair as the basis in the other. But, Sir, I have looked through the figures of the taxation borne by the people of the United States, and I find that if you take twenty-one years, corresponding to the life of the Dominion of Canada, in the United States, in Customs and Excise—that is what you may call tax—they have paid at the rate, taking the average of their people, of \$6.64 per head during that period. If you take the amount paid by the people of Canada for Customs and Excise in the same time, the average for its population is but \$4.94 per head, a difference in favor of the Canadian citizen of \$1.70 per head on the amount of Customs and Excise taxation for the period of twenty-one years ending 1887-88. That is, if Canada, during those twenty-one years, had been as heavily taxed for Customs and Excise as were the people of the United States, they would have paid, taking our average population at 4,000,000 souls, \$142,800,000 more

than the people did pay under our reduced system of taxation as compared with that of the United States. If you take the last eight years, from 1881 to 1888, the taxation paid in the United States was \$3.87 per head, and in Canada \$5.74, a difference of 13 cents per head in favor of Canada for that period. For the year 1888, the tax per head in the United States was \$5.51 per head, whilst in Canada it was \$5.66, a difference of 15 cents in favor of the United States, which arises from the fact that the United States, undertaking none of that large class of expenditures such as we have in Canada, and which I mentioned a few moments ago, has from her surplus, with her large population and immense trade, paid a large amount towards reducing her public debt, and, consequently, is reducing the per capita rate of taxation which the people are obliged to pay. But, when they talk of taxation in the United States, they talk simply on the line of comparison of the federal taxes, forgetting that each State has also its taxes, and, if you add the taxation of the different States for 1887-88, which amounts to \$1.08 per head, to the federal taxation of \$5.51 per head, you obtain the total corresponding taxation paid by the people—\$6.59 per head in the United States as against \$5.66 in Canada, a difference in favor of Canada of 93 cents per head of the population. Why, sometimes people think that only a country like Canada, enjoying a protective tariff, has to pay Customs and Excise taxes.

TAXATION IN FREE TRADE BRITAIN.

If we go to Great Britain, what do we find? We find the taxes gathered there in 1888 were as follows:—

Customs.....	\$ 85,158,253.36	amount per capita.	\$2.30
Excise	124,651,485.20	do	... 3.36
Stamps.....	63,457,777.00	do	... 1.71
Land Tax	5,005,800.00	do	... 0.13
House Tax.....	9,428,400.00	do	... 0.25
Property and Income Tax.....	70,178,400.00	do	... 1.89
Total Revenue.....	357,780,115.56	do	... 9.64

So there is a tax paid under these different heads of \$9.64 per head of the population in free trade Great Britain. I undertake to say, after carefully looking into this matter, that taking the incidence of taxation in Great Britain and comparing it with Canada, it is much more severe and onerous upon the poorer classes of Great Britain than it is upon the poorer classes of Canada, and it does not have the beneficial effect there in the way of stimulating industries and giving employment to labor as it has in Canada. I find in France the tax per head reaches \$12.86, or a difference in favor of Canada of \$7.20 per head. In Australasia the tax per head is \$12.79, or a difference in favor of Canada of \$7.13.

THE APPLICATION OF TAXATION.

I think you will agree with me that in considering taxation, it is always necessary to have regard to the application of the money which is raised by taxation, and when we come to look into that a little we will find that Canada stands in a

position of immense vantage ground in this respect, as compared with the United States of America or Great Britain. In the United States for the last year we find that they made the following payments :—

Paid interest on debt.....	\$44,715,007
Pensions.....	80,288,508
Civil expenses.....	23,852,334
Redemption of debt.....	83,084,405
Military.....	38,522,436
Navy.....	16,926,437
Total.....	\$236,389,127

So that for those expenses alone, nearly all of which are for war, or for the results of war, or for the keeping up of the military status, there was paid by the United States \$236,389,127, out of a total expenditure altogether of \$342,738,364. Now, Sir, when you look at Great Britain, you will find my statement equally true with reference to the application of taxation. Great Britain last year paid the following sums in expenditure:—

Interest on debt.....	£26,213,911
Naval and military.....	30,758,687
Civil list and administration.....	19,691,960

Or a total of £76,674,548 sterling for these services, while only £10,749,097 was paid for the collection of revenue, Post Office service, telegraph service and packet service. I say that, having regard to the application of taxation, there is no comparison, as far as the benefit to the people is concerned, between the taxes which are raised in Great Britain and the United States and those which are raised in Canada.

With the exception of the money expended as a result of the unhappy outbreak in the North-West, every cent of taxation, speaking in the gross, which is raised in Canada, and which has been raised here since Confederation, has gone, not for war, not for waste, not to make up the ravages of war or to pay for the consequences it of war, but has gone to construct productive public works which have repaid the country for the outlay and have made this a country where business is speeded, where commerce finds splendid facilities, and where the people have every resource at their command to make them a business people, with profit to themselves and prosperity to the country. It is sometimes said, and it is a potent word to conjure with, that "taxation" is a bugbear to the people. It is a bugbear to unintelligent people, but it is not a bugbear to intelligent people, and if conjurers conjure with it to-day they conjure with a word and an instrument which is not less reprehensible than the old instruments of the conjurers of other days.

WISE TAXATION ESSENTIAL TO PROGRESS.

I believe it is a fact which stands upon a basis sound and certain, that taxation is the only gateway to progress and development in a country, and that if a people sit down and determine that from this day forth no taxation is to be raised, they sit down to a condition stationary and without progress and which will soon leave

them very far behind in the race of nations, in the keen competition of to-day. Take a town of 10,000 people which to-day is without a sewage system, without a proper street system, without a police system, without a lighting system, without a fire protection service; bring those 10,000 people together and let them look into the matter and come to the conclusion that it is necessary for promoting the health of the city and for their status, as compared with other and competing cities, that they shall have all these great public services. How are they to secure them? There is only one gateway through which they can march to the enjoyment of those enlightened and efficient services for their town, and that is through the gateway of taxation. The people of the city and the property of the city must be taxed, or they cannot secure, and cannot maintain the efficient services which every progressive city of to-day holds it must have. What is true of the city is true of the country as well.

THE COMPENSATIONS OF TAXATION IN CANADA.

The point to be looked at is, as to how the taxation is applied, as to whether more is raised than is necessary for its proper application, and in considering whether or not the country is overtaxed, or unduly taxed. What have we in Canada as a result of what the people of the country have paid into the public treasury? We have, in the first place,

An enlarged domain,

And an enlarged population; we have added to the original four Provinces of Canada three other Provinces, and an extensive, almost illimitable country, illimitable in its acreage, and still more illimitable in its wealth of minerals and of timber, and of resources to be reaped from the cultivation of large and fertile tracts of land. That cost us money, and money had to be paid into the treasury, and out of the treasury again, in order to get this enlarged domain, and to make a place for this enlarged population. That is something to be considered as an offset against the amounts that have been paid in taxation.

Enlarged productive power.

We have added to and developed our productive capacity as well. Lands that were useless because there was no access to them, and where, even if persons got to them, there was no way of getting the produce back from them, have been opened up by railways and by facilities for transporting these products. There was no other way of getting these facilities but by levying taxation upon the people and obtaining the money with which to build and with which to make those improvements. Why, Sir, not later than 1877, in Manitoba and the North-West Territories we were confronted by the fact that only 500 bushels of wheat were exported. In 1887 from Manitoba alone were exported 10,400,000 bushels of wheat, and in 1889 the estimate for Manitoba and the North-West is that their wheat yield will supply all the needs of the country and leave for export 20,000,000 bushels of wheat, with an acreage of 700,000 acres under crop. That is possible to-day because the people of this

country chose to tax themselves in order, in the first place, to obtain possession of that part of Canada, and in the second place, to open up the country with railways and public works so as to make it possible for the people to till the land and to get the product of the land to the market.

Cheapened transport charges.

Then, Sir, we find that the transport charges have been very much cheapened. We have paid heavy sums of money for our canals, but we have got increased facilities and cheapness of transport for the outlay, and if these public works do not add directly in revenue to the treasury, they are of great advantage to the progress of the country and of almost untold benefit in promoting our commerce. In 1872 the tolls per ton through the Welland Canal were 16.26 cents, and in 1888 the tolls were only 12.52 per ton; thus between 1872 and 1888 there has been a reduction in tolls on the Welland Canal of 23 per cent. and a reduction of the St. Lawrence rates of 48½ per cent. That is so much actually saved in the transport of those staple cereals and articles of commerce which were floated out from the interior of the country towards the seaboard and to the great markets of the world, as well as the staples which come from foreign countries, and which make their way into the interior of this country by the same route; and although it is true to say that no increased revenue comes from these works, there is a broader way of looking at the matter. Although the public treasury is not enriched, yet the public business and the general prosperity of the country are made greater by the reduction of the tolls, and by another great fact, that the enlargement of these canals renders possible the use of a larger class of vessels, which carry a larger quantity of grain, and consequently at cheaper rates than could prevail with the old depth of water in the canals, when very much smaller and inferior vessels had to be used. And so we may set down as compensations for this expenditure, these facilities for business and an added attractive power which distinguishes this country in competition with other countries which do not possess these improvements; and if we are to go forward in the race of competition with other new countries to day, it is a necessity, as well as a wise and prudent policy, to open up our country; but to open it up we require money to establish and maintain all these lines of communication, and we can only get the money by asking it from the people.

IS OUR DEBT TO GO ON INCREASING.

But, I may be asked, is this thing to go on forever? Are we to be continually increasing our debt? Are we to be continually increasing the amount that we raise from the people in the way of yearly contribution?

Sir, I think that to-day Canada, standing on the vantage ground of twenty-one years of progress, is in a better position to look out upon the future, with a greater probability of accurately forecasting what will be the result, than she has been at any preceding year of her history. The debts of the Provinces had to be

assumed as the old Provinces were brought in. These have now been brought in. In the great territory which lies to the west of us, there are materials for other Provinces which, by-and-by, will have to be formed and furnished. The great St. Lawrence channel has been deepened; our canals have been largely built, and when the expenditures which are at present contracted for shall have been made in the course of about three years, we shall have a line of communication from the extreme end of the Great Lakes down to Montreal; we shall find a depth of water on the Sault Ste. Marie Canal of 18 feet, on the Welland Canal of 14 feet, and on the St. Lawrence canals and river a depth sufficient to carry the vessels which go through the Welland Canal down to Montreal, and so to the seaboard. We have built the Intercolonial Railway, the great line of communication between the Maritime Provinces and central part of this country; we have built the Canadian Pacific Railway, giving our large contribution to it, which connects that line of railway with the Pacific; we have given our contribution to the Short Line Railway, which within a few months will be open to the Maritime Province ports; and we have given other contributions to other lines of railway, more local, but not less useful in their nature. All the vast initial expenses incident to this opening up of our territory, and this completing of the channels of communication between our different Provinces, have been incurred; and it does seem as if to-day we are in a position to take stock of the future, and fairly to answer the question as to whether or not we shall go on rolling up the debt, as some of my friends would say—whether or not we shall go on taking larger amounts of taxation from the people. The engagements for the next three years for capital expenditure are, on a fair estimate, something like this:

	1889-90.	1890-91.	1891-92.
Canals	\$2,636,521	\$3,111,576	\$3,310,103
Railways	1,200,000
Public Works.....	407,000	Est. 250,000	Est. 250,000
Railway Subsidies.....	1,095,203	228,387
Redemption of Debt	2,417,267	5,000,000	1,800,000
Dominion Lands.....	100,000	100,000	100,000
	\$7,855,990	\$8,690,963	\$5,460,103
Less—Redemption of Debt.....	2,417,267	5,000,000	1,800,000
	\$5,438,723	\$3,690,963	\$3,660,103

Making a total for the three years of \$12,789,789. Now, Sir, what have we to meet this with? We have an estimated three years surplus of \$6,000,000; a balance

from the loan still on hand on the 1st of July, 1889, of \$2,500,000; and a sinking fund, which is to be offset against the public debt, of say \$2,000,000 per year, making \$6,000,000; a total of \$14,500,000, to meet the capital expenditure of \$12,789,789, leaving \$2,000,000 for other capital expenditures than those I have mentioned. So that, putting these two facts and these two sets of items together, my own opinion as a member of the Government, and it is an opinion in which I know I shall have all reasonable support from my colleagues in the Government in retaining and maintaining, is that, taking for granted that the condition of the country during the three years to come shall be equally prosperous with its condition to-day, should no extraordinary events arise to cause extraordinary expenses, for the three years ending on the 30th of June, 1892, we ought to meet our capital engagements, pay what we have to pay in the running expenses of the country, and

Add not one dollar to the net debt of the country.

What I mean is this, if I have not made myself clear, that counting in the sinking fund investment, which is laid up as against gross debt, we ought in the next three years to meet all our capital engagements to the amount I have mentioned, and at the end of that time have no greater net debt than we shall have on the 1st of July, 1889; and this is estimated on the basis of the tariff which we have to-day, without contemplating any increase in the tax rate. After 1892, with equal prosperity, with an increased population, and with consequently increased consumption and increased contributions to the revenue, on the same rate of tariff, I believe that, unless extraordinary events occur which call for extraordinary expenditure, this country ought to go on for a series of years without any increase of debt at all, providing for necessary capital expenditure and the services of the country out of the revenues which come in to make up the consolidated revenue of the country. That is my forecast, and one which I believe, if nothing intervenes of an unexpected character, will be fully carried out by the march of events.

THE LOAN OF 1888.

Now, I come to the question of the loan which has been put upon the London market, through the instrumentality of the High Commissioner, in June, 1888. It was placed on the market on the 15th June, 1888, the conditions being that the interest should be payable one-half yearly, 1st of January and 1st of July, at 3 per cent. per annum. The lowest rate at which a Canadian loan had been floated heretofore was $3\frac{1}{2}$ per cent. This loan had been floated a few years ago, and it was believed, in looking over the field and seeing the state of our own securities and our $3\frac{1}{2}$ per cents. and the state of the money market, that there was a favorable opportunity for placing upon the English market a Canadian loan at 3 per cent.—or at a less rate of interest than that at which any colony ever floated a loan in the London market. The minimum price fixed for this 3 per cent. loan was $92\frac{1}{2}$, which rate was fixed, calculating upon the value of our $3\frac{1}{2}$ per cents., which at that time, were

bringing 104 or 105 in the market. The amount placed upon the market was £4,000,000, and the time fixed for the loan to run was 50 years. The reception of that loan upon the London market was gratifying, I am sure, to all Canadians. Not only was the amount asked for taken up, but £12,000,000 were subscribed, being three times the amount asked for. There is no doubt circumstances were somewhat favorable to the placing of the loan upon the market to that time, and I think great credit is due to the High Commissioner (Sir Charles Tupper) for selecting the precise time at which he should call for tenders. Being in London, his advices were acted upon by the Government, and having full knowledge of the state of the money market, he chose the time which, as circumstances afterwards proved, was the most opportune that could have been chosen in the year 1838, for the floating of the loan. I hold in my hand a statement of the different loans which have been placed on the London market since 1867. It is as follows :—

MEMORANDUM respecting Canadian Loans placed on the London Market since 1867.

Loan.	Price in prospectus.	Price realized.			Duration of Loan, years.	Rate per cent.	Total Issue.		Discount or Premium.		Amount realized.		Charges, including Discount for immediate payments and interest on part payments.	Net Amount of Cash realized.		Rate of interest, taking into account interest on instalments as well as preceding deductions.						
		£	s.	d.			£	s. d.	£	s. d.	£	s. d.		£	s. d.							
Intercolonial R'y, 1869, guaranteed.....	105	12	11½	35	4	1,500,000		P. 112,946		2,112,946		29,896	18	5	2,093,049	1	7	·04125			
do 1869, unguaranteed.....				30	5	500,000															
do 1873, guaranteed.....				30	4	1,500,000															
Rupert's Land, guaranteed.....	104	7	8	31	4	300,000		P. 78,971	6	8	1,878,971	6	8	33,449	18	11	1,845,521	7	9	·03916	
Loan of 1874.....	90	90	3	3	30	4	4,000,000		D. 393,476	71	6	3,606,523	2	6	60,289	9	9	3,546,233	12	9	·04875	
do 1875, guaranteed.....				35	4	1,500,000															
do 1875, unguaranteed.....	91	9	1	30	4	1,000,000		D. 22,930	9	1	2,477,069	10	11	42,847	6	1	2,434,221	14	10	·0416	
do 1876.....	91	9	1	30	4	2,500,000		D. 225,000			2,275,000			57,122	9	7	2,217,877	10	5	·0175	
do 1878.....	96½				35	4	1,500,000															
do 1878.....	96	11		30	4	1,500,000		D. 102,347	12	6	2,897,652	7	6	36,602	15	7	2,861,049	11	11	·043	
do 1879.....	95	95	1 (0)	29	4	3,000,000		D. 147,206	6	4	2,852,793	13	8	47,988	8	3	2,804,805	5	5	·045	
do 1884.....	91	91	2 2	25	3½	5,000,000		D. 445,870			4,554,130			94,693	3	4	4,459,436	16	8	·0423	
do 1885.....	99	101	1	8	25	4	4,000,000		P. 43,416			4,043,416			82,098	2	1	3,961,317	17	11	·04083
Canada Reduced.....	24½			24½	4	6,443,136	2	9	D. 54,576	2	9	6,388,560			32,977	1	0	6,355,583	19		·041
Loan of 1888.....	92½	95	1		50	3	4,000,000		D. 197,904			3,802,096			87,598	4	3	3,734,244	7	6	·0327	

*Or 50 years calculated for 25 years only.

Sir RICHARD CARTWRIGHT. Will the hon. gentleman state the exact net product of the loan?

Mr. FOSTER. The amount of the loan was £4,000,000. The discount paid was £300,419 15s. 9d.; one per cent. commission, £40,000; stamps, £3,026 12s. 6d. Total amount passed by the Auditor to date, £243,445 8s. 3d. One quarter per cent. brokerage £10,000; stamp duty, £3,778 11s. 3d.; printing and advertising, £3,350 13s. 0d.; stamps, £180; being a total of £222,309 4s. 3d., which is still held by the Auditor General for fuller information, but which, he informs me, he considers will be all right and be in the end paid. Total amount to be taken from the face of the loan for all charges, £265,755 12s. 6d., leaving £3,734,244 7s. 6d. as the net amount of the loan, and the rate is 3.27 per cent. The favorable nature of a loan is measured by the returns it gives to investors in comparison with other loans running upon the British market. Our 3½ per cents. at that date were quoted at 105½, which would return to the investor, redemption included, £3 4s. 6d per year. Our 4's, due in 1904 and 1908, were quoted at 109½, which would return to the investor, redemption included, £3 5s. 9d. Our 4's reduced, falling due in 1910, were quoted at 110½, which gave to the investor £3 6s. 0d. Our 4's, 1910-35, were quoted at 112½, which gave to the investor £3 9s. 0d., whilst the 3's gave the investor, redemption included, as in the other cases, but £3 4s. 1d.; and as the advantage of a loan, as far as we are concerned, and the return to the investor bear an inverse proportion, it will be seen that the loan placed upon the market in 1888 is more favorable for Canada than the quotations as to the running loans upon the market and the other securities that I have mentioned.

Sir RICHARD CARTWRIGHT. Does this loan bear a sinking fund?

Mr. FOSTER. No. I desire to say a word as to the amount which was asked for. Some criticism has taken place in the press, and no doubt some criticism will take place here, in regard to our having asked for a loan of £4,000,000, when we have, by our own admission, a certain surplus on hand unused. At that time we had to meet temporary loans at Glyn's and Baring's, amounting to \$6,252,106; we had to meet sinking fund and interest, payable in London on the 1st of July, amounting to \$2,147,354; we had to meet the redemption of debt in the current year of \$3,394,386, making in all, \$11,793,846. We had also to meet the redemption of debt in 1889-90, amounting to \$2,417,267, making in all, \$14,211,113, which we had to meet either on the 1st July, in reference to the temporary loans and the redemption of debt for that year, and during the current year for the redemption of debt in 1889-90. That would leave a surplus of \$4,230,177. Then we had to face a large capital expenditure which Parliament had already authorized on the canals, on the Sault Ste. Marie canal—prospectively, at least, and which is now under contract—and an expenditure for the St. Lawrence canals, running over three years. In addition to that, we had the railway to Cape Breton, which was under construction, and

which will not be completed until the end of the current year. For all these, a large capital expenditure would have to be incurred. Taking these into account, it became a matter of choice if we should go on the London market for a loan of £3,000,000 at that time and pay all the calls upon us, with the prospect of incurring a larger amount of expenditure afterwards, leaving four or five millions of dollars which would be required within the next year or eighteen months for which we would have either to place temporary loans or to go on the market again, and it was decided that the most economical course was to take the whole amount at that time, because of the state of the market then, and because of the fact that the money would be required within the period I have mentioned. Besides, for temporary loans we have to pay 4 per cent., and sometimes more. We have not been able to get them at a rate less than that. It was, therefore, thought that the most economical course would be to borrow the larger amount and preclude the necessity of getting these temporary loans or going on the market for another loan. I suppose something will be said as to the disposition of the surplus, and I may as well make a statement to the House at this time as to that matter. On the 1st July we had at our command £1,000,000 which we needed to place somewhere. That million was in London. It was impossible at that time to get a rate of more than 7·8 per cent. for that money in London. The money market seemed to be filled. Rates were ruling very low, and there was no possibility of saying at what time a change would take place so that we might get a larger rate. Therefore, after thinking the whole matter over, it was considered best, as exchange was largely in our favor from London to New York at that time, to send the money by exchange to New York, under which operation we gained a fair sum for the exchange. We were running the risk of placing the money at a better rate of interest here than we could get in London. It was certain that we could get a considerably larger rate, and we could not know how much larger amount we might possibly get. Under these circumstances, the money was exchanged to New York, and, as I said before, a certain sum was made by the exchange. The money was then placed in four Canadian banks at the best rate they would give at that time, which was $1\frac{1}{4}$ per cent. It was the intention of the Government, taking into consideration the rates of exchange as they have been on the average for a number of years, to keep that money on deposit until the 1st January, and then, as the exchange would be, according to previous experience, likely to be favorable, to send the money from New York to London, under which arrangement a large amount would have been gained by the re-exchange, and those two sums so gained, being added to the amount received for the money deposited here, would have given us a much larger interest than we could have obtained by leaving it in London.

Sir RICHARD CARTWRIGHT. How did that work out ?

Mr. FOSTER. It did not work out as we expected. The rates of exchange during the past year, as my hon. friend knows, have been altogether abnormal,

owing to the slow movement of the cotton crop, the cost of wheat in consequence of the speculative prices which prevailed here and which precluded shipments, and to the large imports into the United States. Consequently, there was a difference in the exchange between New York and London which had not obtained for a long series of years, and there was altogether a difference in the normal rulings of exchange, so that, when the 1st January arrived, instead of there being the usual state of things, gold was being shipped to London, and it would not have been profitable for us to exchange to London. Under those circumstances, we made arrangements with the banks, and, according to the statement which I brought down to the House a few days ago, a large amount of this money remains in deposit in the Canadian banks at from 3 to 3½ per cent., running until the 1st July, 1889. I suppose that no person can well make calculations in business matters extending over a number of years on the basis of the records for that period, who is not liable to be upset in his calculations by the force of abnormal causes. Those causes have rather upset the calculations made for the present year, but this fact remains, that, when this money will have been returned to pay what we have to pay in London, taking all the cost and all the interest we have received for deposits, we shall find at the worst that we shall have paid for the million of pounds that we had on surplus for the year a rate not exceeding 4 per cent., which is certainly not more than we would have had to pay for a temporary loan which we would have had to make a year afterwards.

Sir RICHARD CARTWRIGHT. Will the hon. gentleman permit me to ask him one question? Was any obligation formally entered into on the part of the Government of Canada that they would use their sinking fund to purchase those 3 per cent. securities, and, if so, was that a positive obligation?

Mr. FOSTER. My hon. friend means, if I understand him, are we to buy—

Sir RICHARD CARTWRIGHT. Are you to use your sinking fund to make purchases out of the 3 per cent. loan?

Mr. FOSTER. I think, so far as my information goes, that our investments for sinking fund purposes are to be made out of the 3 per cents.

Sir RICHARD CARTWRIGHT. That is a positive pledge?

Mr. FOSTER. I do not think it was a positive pledge, I cannot speak certainly.

Sir RICHARD CARTWRIGHT. Perhaps the hon. gentleman's predecessor can tell him.

Mr. FOSTER. But I know that is what we are doing, and that is, I think, what we should do, because I think it has its advantages, taken all in all.

Sir RICHARD CARTWRIGHT. When the hon. gentleman returns after six perhaps he will be able to tell the House whether the pledge was a positive one or not. Something depends upon that.

Mr. FOSTER. I will be able to say, but I do not think it was a positive pledge. As showing the favorable nature of that loan of which I have been speaking, as compared with loans of other countries which were negotiated during the same year, I will read the following table, showing the loans effected by various countries in 1888, with the per cent., and price received :

	Loan.	Per Cent	Price Received.
Victoria	£15,000,000	4	£108 $\frac{3}{4}$
Mexico	3,700,000	6	76 $\frac{1}{2}$
Brazil	6,000,000	6 $\frac{3}{4}$	97
New South Wales	3,500,000	2 $\frac{1}{2}$	103-12-2
India	7,000,000	3	96-7-0
Queensland	2,500,000	3 $\frac{1}{2}$	94-16-6
Argentine Republic	3,933,580	4 $\frac{1}{2}$	87
Uruguay	4,255,300	6	82 $\frac{1}{2}$

In respect to the Indian loan, we all know that it is much the same as a loan by the Government of Great Britain itself. Some of those countries are fair countries for comparison with Canada; others may not be so fair; but, as is shown in the case of all of them, even of that of India, I think, considering the circumstances which rule in an Indian loan, as compared with a colonial one, the late loan by Canada, may be considered to be very satisfactory indeed. So much with reference to the loan.

THE COMMERCIAL CONDITION IN 1888.

I now ask the indulgence of the House for a few moments while I turn to an other and more interesting subject—the commerce of the country for the past year. In speaking of the commerce of Canada one can scarcely avoid taking into consideration the state of commercial operations and commercial confidence in Great Britain and the United States of America, because these two great countries, with which we have so large a commerce, and which have so large a commerce with the rest of the world, are, as it were, barometers of the commercial feeling and of the commercial enterprise of the world. I find that in Great Britain the year that has just passed has been a fairly prosperous year, taking it through and through, and trade in Great Britain, as shown from all advices, has steadily improved. It has been sound and progressive, and there has been an absence of speculation, which has been especially marked, and business is reported as being more active at the present time than it has been for many years past. A great impetus has been given to the shipping trade, and to ship-building in Great Britain, as in our own country, by the rise in freights that has taken place within the last year, and I find that the tonnage which was built in 1888 in Great Britain was nearly double the tonnage which was built in 1886, and largely in excess on that which was built in 1887.

As a consequence of the revival in the shipbuilding trade and in the carrying trade, there has been a stimulation of the coal production, and the demand by ship-

owners and shipbuilders has caused a large output, and a rise of wages for those who work the mines. The iron industry has been helped as well, and cotton shipments have increased. One very good index of the state of Great Britain is that, whereas at the end of 1887, 20 labor societies, reporting a membership of 197,000 men, reported 13,700 unemployed, or 7 per cent., at the end of 1888, 21 societies with a membership of 249,000, reported only 8,200 unemployed, or 3 per cent. Throughout Great Britain, according to latest advices, there is a growing confidence and a cheery outlook for the trade in the future. Much the same may be said with the trade of the United States. The features of the trade of the United States for the last year have been its heavy output of pig iron, the highly satisfactory condition of its various industries and its cotton trade especially, and the large outputs of anthracite coal, the largest, I think, in the history of the country. In reference to Canada, hon. gentlemen are, I suppose, as well acquainted with the condition of the country as myself, and it would not be news to them to state that throughout Canada there has been a fairly average, or more than an average condition of trade, during the past year; that although the harvest was not of the best, it was compensated for its deficiency in quantity, in some parts, by a larger growth in others, and over the country generally by an increased scale of prices. The manufacturing industries are fairly prosperous, the textile industries especially, the large stocks which were held, as was the case in Great Britain and the case in the United States, having been worked off, the mills are now running on low stocks, with orders in advance, which is a far more healthy state of things than having large stocks on hand. I find that in Great Britain and the United States, and in Canada as well, there is an advance in prices, and there is an indication, in addition to an advance in prices, of a significant addition in wages in the large industries of the country. It would not be well for us to do otherwise than to note in our own country what is of so much importance to the shipping, especially of the Maritime Provinces, the large increase of freights which has taken place and which has made that industry, which, as far as the carrying trade is concerned, has not been very prosperous for the last number of years, look very encouraging, and bring in good returns to the owners of vessels.

CANADA'S FOREIGN TRADE.

With reference to our foreign trade, the total in value was, in exports, \$90,203,000, and the imports were \$110,894,630, an increase in the exports of \$687,189, and a decrease in the imports of \$1,997,606; being a total decrease in the trade of \$1,310,417. Our exports, I find, increased to the United States, France, Portugal, the West Indies, South America, China and Japan, Australia and other countries; and they decreased with respect to Great Britain, Germany, Spain, Italy, Holland, Belgium, Newfoundland and Switzerland, the decreases being small, with the exception of Great Britain, and the decrease in trade with Great Britain being largely due to the smaller shipments of cereals and cattle for which the causes are apparent to the country. I find the exports last year were the highest, with the exception of those of 1881, 1882, 1883 and 1884.

The imports were the highest since Confederation, with the exception of 1883, 1884, 1887, 1872, 1873, 1874, 1875. The balance of trade is less against the country than in the preceding year, the percentage this year being 18.6 excess of total imports over total exports as against 20.7 last year, and against an average of 20.4 for the last six years. I am not going to discuss the oft-discussed question of the balance of trade, which has been well threshed out in this country, and which I suppose is well understood by both sides of the House. But, Sir, I wish to say a word with reference to what I consider to be a very important point in comparisons, and in order to introduce it I will read an extract from a speech which I think was delivered by my hon. friend opposite (Sir Richard Cartwright) at Oakville, on August 13th, 1888, and the extract I have taken is from the report in the *Globe*. The speaker said :

"How is it that we find that while in 1873 the total volume of the trade of the Dominion was \$217,000,000 in value, yet in 1887, after eight or nine hundred thousand people had been added to the population in spite of exodus and misgovernment, instead of increasing, the volume has fallen off and sunk to about \$200,000,000? How is it that we find that whereas fifteen years ago we had a total trade amounting to \$58 per head, we have now, taking the figures of our opponents, a total of but \$42 per head?"

Sir, I think that the hon. gentleman need not have gone further than his own intelligence, and his own knowledge of commercial affairs, to have given the question a satisfactory answer. I wish to refer to it here, because I consider it is a comparison which is not strictly fair, and that other facts ought to be brought out in the statement of comparative trade, as shown by our returns, comparing 1873 with 1887, for we find, on looking into the values of goods in this country, in the United States, in Great Britain, and the world over, that 1873 was the highest year for values in a series of years from 1868, I might go further back, down to 1887, and that the lowest series of values was reached in 1887-88.

VALUES AND VOLUME OF TRADE.

There are two ways by which you can compare the trade of the country. You can compare it by its value, and by its volume. Our returns simply compare by value, and not by volume ; and if, for instance, wheat falls 50 per cent. one year as compared with another, this country might export twice the quantity at the time of the lower value, yet, according to the trade return, the exports would be no greater, and the idea conveyed would be that there was no greater production, and that no greater results came from the increased production of this country throughout. I have here a statement which has been prepared for a number of years, and brought up to date by Mr. Giffin, Secretary of the Board of Trade of England, giving the values of enumerated articles of exports and imports for 1873, and from that year up. The *modus operandi* of getting at these returns is simply this: Mr. Giffin goes to the custom houses and obtains the declared values of goods as entered at the custom houses, and he then deduces therefrom the rate value. Having got the rate value in 1873, he applies that to the year with which he compares 1873, and he thus obtains a fair comparison of the volume of trade upon equal rates as between the different years.

Looking at the matter in that light, we find that the total exports from Great Britain, according to the declared values, were, in 1879, \$363,000,000; 1883, \$427,000,000; 1884, \$380,390,000; 1885, \$371,000,000; 1886, \$350,000,000. Those are at the declared values; but if we take the values at the rates of 1873 and compare them, we find, for instance, that whereas the declared value of the exports of Great Britain for 1886 was \$350,000,000, its value calculated by the prices of 1873 was \$509,000,000. That is to say, that, instead of the trade being but \$350,000,000 in 1886, if the prices had been equal to the prices of 1873 it would have shown \$509,000,000, or more than 50 per cent. increase in the volume of trade as compared between 1873 and 1886. If you take the imports in like manner the declared value of imports in 1886 was \$212,000,000; the value of the imports at the rate of 1873 was \$349,000,000. So, in the case of exports they were 45 per cent. higher at the rate of 1873, and the imports 64 per cent. higher, as will be seen by the following figures:—

TABLE which shows in millions of dollars the value of exports and imports, in Great Britain, of enumerated articles and of all articles for the years named, both as declared and as calculated, at the rates of 1873.

	Enumerated Exports.		Enumerated Imports.		Total Exports.		Total Imports.	
	At declared values.	At prices of 1873.	At declared values.	At prices of 1873.	At declared values.	At prices of 1873.	At declared values.	At prices of 1873.
1873.....	172 M	173 M	308 M	308 M	371 M	371 M	255 M	255 M
1879.....	122 "	174 "	289 "	349 "	363 "	438 "	191½ "	273 "
1883.....	146 "	212½ "	336 "	403 "	427 "	512 "	240½ "	349 "
1884.....	140 "	208 "	300 "	383 "	390 "	498 "	233 "	346 "
1885.....	131 "	201½ "	281½ "	384½ "	371 "	507 "	213 "	328 "
1886.....	131 "	215 "	263 "	382½ "	350 "	509 "	212½ "	349 "
Increase of 1886 over 1873, at prices of 1873, over declared values.....						45 p.c.		64 p.c.

While it is fair to say that there are the returns, and that the values show so much in 1873, and so much in 1886, it is also but right to go behind that statement and enquire whether there has been a fall or a rise in prices as between those two years, and ascertain how the volume of trade compares between those two periods, for, unless you obtain those facts, you have not a fair comparison and you cannot make a fair statement with respect to the trade of a country. A comparison of the prices of various articles in 1873 and 1886 as shown by British Customs declared values shows the enormous fall that has taken place in prices since the first named year, as will be seen by the following figures:

AVERAGE prices of articles mentioned, from declared Customs values in £'s and decimals of a £, and in shillings and decimals of a shilling.

EXPORTS.	1873.	1886.	Decrease percent.
Iron, pig and puddled.....	\$ 124.65 ton	\$ 43.17	65
Angle, bolt and rod.....	£ 13.77 "	£ 5.79	58
Bar and R. R.	£ 13.21 "	£ 5.13	61
Wire.....	£ 23.52 "	£ 13.84	42
Galvanised.....	£ 26.95 "	£ 12.07	55
Hoops.....	£ 14.58 "	£ 6.11	58
Manufactures of steel.....	£ 69.55 "	£ 29.99	57
Brass (all sorts).....	£ 5.99 cwt	£ 3.74	38
Lead, pig and pipe.....	£ 23.75 "	£ 13.95	42
Tins, wrought and unwrought.....	\$ 24.94 "	\$ 13.55	46
Refined sugar.....	\$ 30.02 "	\$ 14.23	53
Wool (sheep and lamb).....	21.18d lb.	10.07d	52
Flannels.....	18.10d yd.	12.49d	31
Carpets.....	28.64d "	25.41d	34
IMPORTS.			
Cheese.....	£ 2.99 cwt	£ 2.23	25
Wheat.....	\$ 13.01 "	\$ 7.55	42
Barley.....	\$ 8.69 "	\$ 5.78	33
Oats.....	\$ 8.08 "	\$ 5.89	27
Maize.....	\$ 7.06 "	\$ 4.91	30
Wheat flour.....	\$ 18.83 "	\$ 11.20	41
Fish.....	\$ 27.94 "	\$ 25.71	8
Tow and Codilla of flax.....	\$ 35.65 "	\$ 23.57	34
Hops.....	£ 4.91 "	£ 2.91	41
Lard.....	\$ 44.37 "	\$ 34.50	22
Copper ore.....	£ 18.54 ton	£ 6.85	58
Copper registers.....	£ 40.60 "	£ 22.74	44
Iron and copper pyrites.....	\$ 50.02 "	\$ 36.93	26
Hewn timber.....	£ 3.34 load	£ 2.16	33
Sawn and split.....	£ 3.08 "	£ 2.17	30
Staves.....	£ 9.96 "	£ 4.07	59

Now, what I hold is this, and I think it is plain to every member of this House, that there has been a large fall in prices between 1873 and 1886, 1887 and 1888. These prices taken in England, may be held as a fair index of the rise and fall of the prices in Canada—not in all articles, but in the staples in which we trade with Great Britain in the way of imports and in the way of exports. Therefore I think the conclusion is fair, that in saying that in 1873 the trade was \$217,000,000, whilst in 1888 it was but \$201,000,000, and thereby, trying to deduce the fact that the country is not so prosperous so far as its trade is concerned, you do not state the whole truth of the case. You have to go still further than this and calculate that there is a fall in values in the articles which I have mentioned, and to the percentage which I have mentioned, and in almost all other articles to a greater or lesser extent, and then you come to what I believe to be the true basis of comparing the commerce of the country, so far as regards the real advantages which are derived therefrom. You have to take into account the volume of trade, which you can only get by a comparison of prices between the years. A sufficient answer to the question of my hon. friend is this: that although the values in 1873 showed \$217,000,000, the volume of trade in

1873, as can be easily seen from the fall in prices, was far less than the volume of trade in 1887, and, therefore, the prosperity of the country in all that pertains to enlarged commerce so far as this volume of trade is concerned, was greater in 1888 than it was in 1873.

Signs of Enlarging Foreign Trade.

Now with reference to the foreign trade of the country. I think it can be discerned in the spirit of the country, and I find it in conversation with business men and on examination of the business enterprise of the country, that the spirit is developing in this country for increasing our foreign trade more than it has been increased for a number of years past, and for this there are causes which I shall mention presently.

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER. My friends on the other side are quite willing to bear me out in that statement, because, if it be true, as I have no doubt it is, they will try to gather from that statement, some comfort for a lost cause of their own. The spirit for increasing foreign trade is developing in this country, and it is developing because of this reason. The time was when the trade and industries of this country were in a depressed state, when from 1874 to 1878 the doors of Parliament were besieged by the representatives of the industries of this country which were being slaughtered from the United States markets. Those representatives came here and besought the hon. gentlemen who then occupied the Treasury benches to protect the industries and the trade of this country against ruinous competition. Why did they do this? Because, Sir, from 1866 until that time unavailing efforts had been made by both Governments, and by both parties, in all candor and earnestness, to have the trade between our country and the United States again placed on the basis of 1854 or some reciprocal basis. All these negotiations were unavailing, and in the end events had come to such a crisis that the people of this country were rapidly coming to the conclusion that if we could not get a reciprocity treaty with the country alongside of us, we should at least carve out a policy of our own, we should build up our own industries, we should give them the protection that was necessary towards building them up, we should make an internal commerce to which we had been strangers up to that time, and we should lay the foundation for reaching out to a foreign trade which can be only reached out to after that foundation has been laid in the internal industries and commerce of the country itself. Just as this Government came to the aid of the people in 1873, and gave them that measure of protection which established their industries, and which has encouraged and fostered them from 1879 to the present, just as the Government came to the aid of the country then, the Government is ready and willing to come to the aid of the country now and implement to the best of its ability this desire which is growing and stretching out from the true and solid basis of trade prosperity at home, into a foreign trade with other countries, so that we may compete with foreign countries in the different wares that we make and the different products that we raise.

Encouragement of Foreign Trade.

This country and this Government has always been desirous of extending its trade to foreign countries. In all honesty and candor that can be maintained and it cannot be denied. No matter what Government has been on the Treasury benches, no matter what party has been in power, there has been a continuous and a persistent attempt to cultivate better trade relations between this country and the United States of America in a reciprocity that should be fair and equally beneficial to both countries. The negotiations of 1866, of 1869, of 1871, and of 1888, all bear testimony to that. But, Sir, if the country to the south of us will not go upon the lines of the late Reciprocity Treaty, if it will not trade upon lines which are fair and equal to both countries, and if it continues to show, as it has done in the Senate Bill, and as it has in the President's Message, delivered only yesterday, its reiterated adherence to the high and strong protective system that it has placed about its trade—then, Sir, it becomes this country to build upon its own foundations, to develop its own vast natural resources, and to further strengthen the internal industries of the country which will enable her to extend her trade into other countries, and to meet there the competition which she will encounter as Canadians can meet it. This spirit of the people is being implemented by the Government. There are, lying to the south of us, countries that are willing to trade with us and in which an advantageous trade to Canada could be established. The vast country of South America, with its different governments, with its vast natural resources, with its demand for certain articles which we can supply of the best kind, is ready for trade with us on equal conditions with all other countries of the world. The West Indies, rich in elements of trade which complement ours and needing a great many of the products and manufactures which we can supply, afford a field for what we believe to be a permanent and profitable trade. In order to carry out that trade profitably we believe there must be not only regular communication between the two countries, but that there must be also fairly rapid communication as well. This Government is prepared, and has given indications of its determination, to implement the desire of our people to trade with those countries and build up a profitable commerce, and the Government has put in the Estimates, as we have seen, a sum which Parliament will be asked to vote to establish steam communication between this country, South America and the West Indies. I have no doubt at all that if this policy is fairly carried out, as I believe it will be, there can be worked up between Canada and those countries of which I have made mention a large and profitable trade even in the existing state of the tariff relations of the countries concerned. Lying far out to the east of us are China and Japan, and the Government mindful of the possibilities of trade in that direction which has already been developed, has pledged itself to implement the subsidy of the home Government to a direct line of steam communication between the western terminus of the Canadian Pacific Railway on the Pacific coast and those countries. The Canadian Pacific Railway Company has already for a number of months had its steamers on that line, and the possibilities of

working up a fairly remunerative and profitable trade have been abundantly shown in that time. Why, Sir, to-day the surplus product of our cotton mills finds a profitable market in those distant countries, which a few years ago were inaccessible to a profitable trade, but which to-day, thanks to the Canadian Pacific Railway Company, and to the enterprise of this country in assisting in the construction of its road, and thanks to that same company for putting on this line of steam communication, we have a direct line, and one of the best lines, of communication with those great countries to the east. Then, down on the Southern Pacific Ocean lies a vast continent of islands, which have certain wants which Canada can implement, and certain productions which Canada can take; and the Government proposes to ask Parliament to aid in the establishment of a direct line of communication between our western coast and the colonies of Australia and New Zealand; and I think I am permitted to state here that advices which have been received from the Australian colonies are favorable to the consideration of the question of closer trade relations between Canada and the vast countries which lie in the Southern Pacific. Then, we have had an Atlantic service which for a series of years, though fairly good, has not been as good as it should be, taken in connection with the competing lines sailing to the great ports to the south of us; and the Government to-day are considering what means are best adapted for improving that service, and placing it on such a footing that Canadians need not be at all ashamed to compare their route with the lines of steamships which connect with the ports of New York, Boston and Baltimore. In all this there has been the double aim to develop the industry of the country within, and to extend our trade and commerce without. We have done the first, and now our competition is overflowing the borders of our domestic markets and seeking profitable markets outside; and I could, if time permitted, give the House facts which have been gathered from different manufacturers in this country showing to what an extent they have worked up profitable fields for their goods during the last three years in those distant countries of which I have spoken. And, Sir, I believe that to be the proper Canadian policy, that we should look first to this country, first to its industrial improvement and to the development of its great natural resources, that we should live in comity and peace with the nations to the south of us and all other countries in the world; but at the same time, that neither threats of non-intercourse, nor blandishments from without, nor specious pleas from within, should ever be sufficient to induce this country to hand over its commercial independence to any other country in the world. With a share of this continent larger in size than the Republic to the south of us, and immeasurably rich in natural resources, with a population the most hardy in the world by virtue of our climate, with immense productions of the great staples of the world's consumption and use, with a future before us of peace assured under a flag of a country which is the most powerful on the sea and the most powerful the wide world over, I believe that Canada's future lies in a path of steady, courteous treatment of all countries with whom we have intercourse, and of a steady persistent development of her own com-

mercial lines of policy, for the benefit of her own people, and of a land which is to be the home of future millions.

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

After Recess.

Mr. FOSTER. When the House took recess, I was making some remarks with reference to the commerce of Canada and her development in one line of commercial enterprise. That was especially with reference to her foreign commerce, the tables for which are given in our bluebooks, and which are the data upon which we must rely for our chief calculations with reference to the improvement of our foreign trade. It will, however, be apparent to the House that the foreign trade of a country is but one branch of the great stream of commercial life and enterprise which helps to develop a country and to transport its products from the place of production to the place of market.

CANADA'S INTERNAL TRADE.

There is another branch of the commerce of a country which, although it may not be in the early stages, of so great development and so great importance, has, nevertheless, from the very start, an importance of its own which continually grows and continually widens, step by step, with the growth and development of the country; and in many cases comes to be, after a series of years, not only equal in volume to the foreign commerce of the country, but in certain particulars is of greater importance, and has a larger influence upon its development. Our returns and statistics, unfortunately, give us but a very imperfect idea of the volume and extent, and the growth, year by year, of this stream of internal or domestic commerce, and what we do get is simply picked up here and there from sources which may be reliable of themselves, but which, being scattered, renders it difficult to generalise, from the information taken at various points, and difficult to come to a conclusion that can be relied upon to comprehend the full extent and full importance of this commerce.

Small in extent in 1867.

However, this much we may take as certain, that in 1867, at the time of the union of the Provinces, the domestic commerce and internal trade, as between the Provinces now forming the Confederation, was very small in extent, and, as I hope to be able to prove, it has been very rapid in its growth, until at present it has attained a development of the utmost importance to the country, and which deserves to be studied by all who would fairly appreciate our progress, and who would arrive at right conclusions with reference to the effect of the policy have we adopted. There were certain circumstances that made the exchange of internal commerce impossible to any large extent in 1867. In the first place, these Provinces which formed British North America, outside of Newfoundland, were scattered. Each had its own Government; each had its own commercial tariff; each had its hopes and aspirations bounded

by its own limits; and the means of communication as between the different parts of each Province, and the means of communication between Province and Province, were of a quality and extent which were not to be compared to those that now exist, and their inferior extent must have had a powerful effect in preventing any large internal exchange of products. Besides the hostile tariffs and the lack of communication, there was also a lack of mutual industries and of mutual knowledge. To build up internal commerce and to get its full benefits in unifying a country and in stimulating by the example of one part and the influence of one section, other sections to meet in point of trade the demand and the supply which are thus created,—in order to do that, there must be centres of industry in different sections of the country which become more or less the means of developing individual sectional resources and creating interprovincial demand and supply. By means of these centres an internal demand and supply is created which causes an interchange of products and builds up internal commerce. There should also be, besides these mutual industries, a mutual knowledge existing between the different parts of a country. Now, in 1867, that knowledge was at its minimum. The people of Nova Scotia may have had, in its different sections, a good idea of the Province of Nova Scotia as a whole. They knew a little of New Brunswick, but little in comparison to what they do now. Of Prince Edward Island and of Nova Scotia the same may be said, although these Provinces, lying more closely together and being more easily traversed, had larger mutual knowledge and mutual interests than existed between, say, the Maritime Provinces and the central part of the Dominion, or between the central part of the Dominion and the extreme western Provinces. So that, taking all these things into consideration, it is impossible that there should have been a very large stream of internal trade, and the growth that has taken place in that can be fairly appreciated by studying for a moment the growth of communications, the increase of lines of transport between Province and Province and between the different sections of each Province.

Rapid growth since 1867.

Since that time, the whole of the Provinces have been placed under one central Government. Since that time, these have been joined together by lines of communication extending from the remotest part of the east to the Pacific coast, and branching out in hundreds of different directions to every section of the country, and all of these means of communication have had an influence, one cannot overrate, in developing sections through which they pass, as well as of rendering the general current of commerce and of communication more easy of constant flow. I believe, if we had the full statistics of internal commerce and domestic trade of this country, that to-day they would prove a revelation to our people, and we would place more store upon that increased domestic trade, instead of placing so much store and the whole stress of our investigation on our foreign trade, if we knew the extent of this current which is vivifying every part of Confederation in its internal progress. We may, however, get at something of this from

different sources. Within the last few months, there has been sitting at various times and at various parts of the Dominion of Canada, a commission of labor appointed by this Government which has been examining into the condition of labor and the relations between it and capital in the various industries; and in the course of their investigations, a mass of most useful knowledge has been gathered, and is now compiled in their report, a study of which will help us to a better appreciation of many of these questions than we have hitherto been able to reach. I hold in my hand some gleanings prepared on the subject taken from the information gathered by that commission.

Between the Maritime and Upper Provinces.

Before taking up the items to which I have alluded, I find that the records of the Intercolonial Railway show that there is a steady improvement of trade which continues to develop between the Maritime and the Upper Provinces and the far west. Take last year's returns alone, and we find that the Maritime Provinces have sent to the Upper Provinces, coal, and fish, and refined sugar, and cottons, tackle and cordage and twine, hardware, woodenware, leather hats, cloths, woollens, chocolate, glue, dry goods, soaps, potatoes, oats, starch, manufactures of iron, cattle, machinery, boots and shoes, building stone, hay, fruit trees, plaster, lumber, grindstones, and numerous other articles of smaller volume. We find that the St. Lawrence provinces have sent manufactures of iron, flour and meal, coarse grains, oats, barley, corn, meats, agricultural implements, woodenwork, wire fencing, earthenware, paints and colors, hides, cheese, and numerous other articles. The Marysville Cotton Mill, a mill of very large capacity near Fredericton, reports sales in 1888 to the Upper Provinces over four times in advance of the previous year. We find the Nova Scotia Steel and Forge Co. of New Glasgow reports sales during the past five years of nearly one million of dollars, and they are making steady progress, and in tons their output for last year shows 35 per cent. increase over that of the previous year, and the sales for the Upper Provinces continue to increase. St. John Cotton Mills have sent between \$900,000 and \$1,000,000 worth of their products to the Upper Provinces the last four years, and their sales in 1888 to these Provinces were 70 per cent. more than those of 1886. We find the Moncton Cotton Mills report a steady increase in their sales to the upper Provinces. We find the Moncton Sugar Refinery reports sales to the Upper Provinces of 13,296,000 lbs. of their products. We find the Yarmouth Woollen Mills report 20 per cent. increase in their sales to the upper Provinces in 1888 over 1887. Coming now to the items of information in the Labor Report, I glean from the Royal Labor Commission report the following as to the Province of New Brunswick. Mr. R. Butler, of St. John, says, "The demand for Canadian stone is becoming greater." Mr. Sutherland, of the Frenchport Quarry, says, "We have been sending stone to Ottawa and Hamilton, and grindstones and box stone to Montreal." Epps, Dodd & Co., of the St. George's Granite Quarries, say, "Two-thirds of our goods go to Ontario." Mr. Broad, of the St. Stephen's Broad Axe and Edge Tool Manufactory, says, "We ship to British Columbia and Montreal, and our agents

in Montreal send all over Quebec and Ontario." Mr. Coutts, of the St. George's Granite Quarries, says, "Our market is principally in the United States and Ontario." Mr. Fowler, edge tool manufacturer of St. John says, "I sell springs and axles in Montreal." Messrs. Allison of St. John, dry goods and shirt manufacturers, say, "We sell all the goods in Montreal and the Maritime Provinces." Mr. Brown, harness maker, says, "We use altogether Upper Province leather. North-West hides are the best." Mr. Burnham, furniture manufacturer, says, "Some woods for furniture we get in Canada. What furniture we do not make ourselves, we get from Ontario and Nova Scotia." Mr. McAvity, St. John, brass founder, says, "We sell most of our goods in Ontario." Mr. Connors, of the St. John Rope Works, says, "We send a great deal of bindery twine to Ontario and Manitoba." A carriage builder says, "Very few American carriages are imported into St. John. There used to be a number imported a few years ago." Mr. Edgecombe says, "We get carriages from Guelph and Montreal." Mr. Robinson, carriage builder, says, "There are very few American springs imported now. We get leather tops from the Upper Provinces, other parts of carriages from Galt and Guelph. We import from away up in Ontario." Mr. Shaw, carriage builder, says, "We sell our carriages all over the Maritime Provinces, and we have sent some as far as Ontario." Mr. DeWolfe, of St. Stephens, carriage builder, says, "There is a great improvement in Canadian colors, and I think they compare favorably with any colors made. This year we have used Canadian colors principally." Mr. Ganong, confectioner, says, "We consider Canadian sugar fully equal to American. The average price has been lower than in the States. We use mostly Canadian." Mr. Bell, cigar manufacturer of St. John, says, "We sell and ship goods to Quebec." Mr. A. Gibson, of Marysville, cotton manufacturer, says, "We find our market all over Canada—Manitoba, British Columbia, Ontario and Quebec." Mr. Hazelhurst, Excelsior manufacturer, says, "We have sent Excelsior to Montreal." Mr. Russel, spool manufacturer, says, "We ship our Excelsior to different parts of the Dominion, as far as Toronto." Mr. Macfarland, manufacturer of small hardware, says: "We send all over Canada, as far as British Columbia." Mr. Ketchum, Coldbrook Rolling Mills, says: "We sell most of our iron in the Maritime Provinces and Quebec." Mr. Leetch, paper bag maker, says: "We get stock for our bags and tags in Montreal. We find it to be cheaper and just as good as that imported." Mr. Moore, nail manufacturer, of St. John, says: "Our trade with the west is limited, but we have sent copper goods to Toronto and Montreal." Mr. Thompson, manufacturer of paints, says: "We find a market all over these Provinces and down in lower Quebec." Mr. Nelson, paper manufacturer, says: "We send west to Toronto." Mr. O'Neill, boots and shoes, says: "We get our leather from Ontario. I find a great improvement in Canadian goods." Mr. Henderson, mantels and grates, says: "We have a market in Ottawa and Montreal." Mr. Stevens, manufacturer of hosiery, says: "We buy a great deal of fine yarns from Quebec Province." Mr. Vroom, manufacturer of slippers and oil-tanned larrigans, says: "We sell our goods principally in Ontario and Quebec, and get some leather from Ontario." Mr. Young, nut

and bolt works, says: "The rivets that we make are mostly sold in Montreal. We are able to compete with Toronto and Montreal firms, and our business is steadily increasing." Here are a few examples from Nova Scotia. Mr. Allison, of the J. P. Mott works, says: "The consumption of chocolate all over the Dominion has steadily increased for some years back." Mr. Boak, fish merchant of Halifax, says: "We ship of fresh fish between 200 and 250 tons in the season, most of it to the Upper Provinces." Mr. Oland, brewer, says: "We get about 500 bushels of malt a week from Ontario." Mr. O'Mullin, brewer, says: "We purchase our malt in Ontario." Mr. Smallwood, of the Acme Skate Factory, says: "We sell our skates all over the Dominion." Mr. Stairs, Dartmouth Rope Works, says: "We send cordage to Ontario and binder twine to Ontario, Manitoba and the North-West." Mr. Turnbull, of the Nova Scotia Sugar Refinery, says: "75 per cent. of our output goes into Canada, throughout the Dominion." Now, these are but some samples of what a more diligent and extended examination would show to be a large and increasing volume of trade which is continually taking place and growing between the outlying portions of this Dominion, and especially in this respect between the Maritime Provinces and the Upper Provinces, and conversely.

TRADE ALONG THE INTERCOLONIAL.

If we take again, as an index of this trade, the statistics of the Intercolonial Railway, the great central line of communication between the Maritime Provinces and the west, we find a very instructive series of figures, some of which I have tabulated, and will read to the House. In 1876-77, the number of tons carried over the Intercolonial was 421,327. In 1887-88, the number was 1,275,995 tons, an increase of 202 per cent. In 1876-77, 254,710 barrels of flour were carried over the road, and in 1887-88, 845,750, an increase of 232 per cent. The grain carried in 1876-77, was 292,852 bushels, and in 1887-88, 1,211,540 bushels, an increase of 314 per cent. In 1876-77, there was carried 58,096,475 feet of lumber, and in 1887-88, 196,444,819 feet, an increase of 238 per cent. The number of live stock carried in 1876-77, was 37,414, and in 1887-88, 90,439, an increase of 141 per cent. The quantity of other goods carried in 1876-77, was 311,756 tons, and in 1887-88, 877,395, an increase of 181 per cent. The passengers carried in 1876-77, were 613,420, and in 1887-88, 996,194, an increase of 62 per cent. The earnings in 1876-77, were \$682,549, and in 1887-88, \$1,778,539, an increase of 160 per cent. The working expenses in 1876-77, were \$896,173, and in 1887-88, \$2,035,538, an increase of 130 per cent. Taking the tons of raw sugar shipped from Halifax and St. John, we find that in 1884, 21,538 tons were shipped, and in 1888, 23,742 tons, an increase of 10 per cent. The tons of refined sugar shipped from Halifax, Moncton and Dartmouth in 1884 were 20,796, and in 1888, 30,917, an increase of 49 per cent. The tons of coal shipped from Nova Scotia to the Chaudière Junction were in 1884, 112,898, and in 1888, 184,662, an increase of 64 per cent. I think, Sir, that no person can read this table of increase and percentages of increase, without being struck with the enormous

development of the traffic on that the great central line of communication between the Maritime and the Upper Provinces.

Mr. CHARLTON. Before the Minister passes from that subject I would like to enquire whether there are any conclusions or estimates as to the amount of our internal commerce last year, in dollars, as a whole ?

Mr. FOSTER. None that I know of, it is impossible to get it. There are no statistics which will give it ; we can only get bits of information and generalise as best we can from these. I have here a statement of the principal articles transported over the Intercolonial Railway from the Upper Provinces to stations in Nova Scotia and New Brunswick :

Articles.	Tons.
Iron and manufactured iron.....	1,372
Flour and meal.....	61,369
Bran, shorts and middlings.....	5,231
Oats.....	501
Barley.....	280
Corn, peas and beans.....	2,109
Butter, cheese and lard.....	421
Hay and straw.....	304
Meats.....	1,552
Leather and hides.....	404
Merchandise.....	19,535
Stone and slate.....	73
Salt.....	55
Machinery and agricultural implements.....	944
Woodwork, furniture, &c.....	665
Live stock.....	7
Wire and wire fencing.....	87
Earthenware.....	143
Oil, paint and tar.....	1,845
Canned goods.....	53
Lumber and building material.....	1,424
Fruit and vegetables.....	259
Cotton.....	998
Fish.....	22
Lime and cement.....	305

GROWTH OF THE CANADIAN COASTING TRADE.

Passing from the indications which are given by the figures which I have read as to the amount of trade which is taking place in an increasing volume over the Intercolonial Railway, and between the Maritime and Upper Provinces, and conversely, let us enquire for a moment what is taking place on a different element and by a different mode of carrying power, as is shown in the coasting trade in the Dominion of Canada. I have here a table the results of which, I think, will be equally

satisfactory to the Canadian who is proud of the progress of his country, as the figures which I have read of railway traffic over the Intercolonial Railway :

		1879.	1888.	Increase.	Per cent.
Canadian coasting trade	Tons.....	12,068,683	18,789,279	6,722,596	56
Atlantic and Gulf do	do	5,683,447	10,863,329	5,179,882	91
Steam tonnage do	do	8,691,465	14,677,255	4,985,790	57
Sailing vessels do	do	2,375,218	4,112,024	1,736,806	73
Man power employed.....		604,505	876,554	272,049	45
do Atlantic and Gulf Point.....		278,251	528,306	250,055	90
Pacific coast coast'g trade	Tons	223,707	1,434,566	1,211,559	541
Man power do		15,656	58,591	43,306	276

In respect to the steamer tonnage, we find, as shown above, an increase of 50 per cent. during those two periods. Of sailing vessels, the increase was 73 per cent, showing that although there is a large increase in the steam tonnage of coasting vessels, the sailing vessel, for coasting purposes, still keeps its place ahead of steam. These figures and this progress, while gratifying to all Canadians—because now all Canadians take an interest in every section of this country—must be particularly gratifying to the representatives and the people of British Columbia, who are so proud of their beautiful Province and who have such confidence in its future development. Sir, we find that the development of the coal trade gives us another indication which may be relied upon, to a certain extent. Coal and iron, of course, are being stimulated in their production, output and manufacture. The coal product in Canada in 1868 amounted to 623,392 tons; the produce in 1888 was 2,449,793 tons, an immense increase mainly taking place in Nova Scotia and Cape Breton, and on the Pacific coast, although the coal areas, which are known to exist all over the North-West, are being profitably worked at several points, and the output is largely increasing in the great west, or the middle section of our country.

TRADE VIA THE CANADIAN PACIFIC RAILWAY.

Taking the Canadian Pacific Railway, the great line of communication which joins our central system with the Pacific coast, we find that the increase of interprovincial traffic is also satisfactory. The tons carried by the Canadian Pacific Railway in 1885 were 1,996,355; in 1888 they were 2,508,600. Passengers carried in 1885 were 1,660,719; in 1888 the number was 2,289,800. The earnings of that road in 1885 were \$8,368,493; in 1888 the earnings were \$13,195,535. The inter-provincial tonnage carried east and west from Port Arthur during the 11 months of 1887-83 are as follows: In 1887, 176,421 tons; in 1888, 278,213 tons, an increase in the 11 months of 101,792 tons. The Asiatic freight also furnishes an indication of the stimulation of domestic industries carried out in exports to a foreign country, and I think it would not be uninteresting to the House, in this conjunction, to have the figures

of actual operations. In 1887 the inward and outward Asiatic freight was 11,589 tons; 1888, 13,048 tons. In 1887 the quantity of tea carried was 13,805,022 lbs.; 1888, 13,444,269. In 1887 the silk carried was 466,687 lbs.; 1888, 475,014. In 1887, general merchandises, 2,338,138 lbs.; 1888, 2,056,787; In 1887, cotton goods, 5,798,173 lbs.; 1888, 8,826,772 lbs.; In 1887, machinery, 55,591 lbs.; 1888, 467,539 lbs. In 1887, general merchandise, 486,608; 1888, 298,037. In 1887, cotton goods from Canadian mills, 1,742,205 lbs.; 1888, 2,009,947 lbs. This bears out the assertion I made in the early part of my statement that there has been a decided increase in the exports of Canadian cotton mills to China and Japan. As showing the movement of grain in Manitoba and the North-West in connection with the Canadian Pacific Railway it may be mentioned that in 1887 the grain moved by the Canadian Pacific Railway from Manitoba and the North-West reached 11,741,160 bushels, while the local grain movement in Manitoba was 1,248,219 bushels, making the total grain movement over the Canadian Pacific Railway that year 12,989,379 bushels. From these indications, which are after all but partial indications, I think we may be justified in believing that the development of the internal commerce of this country has marched apace, as it was natural it should do, with the opening up of new sections, with the establishment of industries and especially with the establishment of facilities for communication between outlying parts of the same Provinces and between the different Provinces forming the Dominion. I will weary the House no longer with my statement so far as that is concerned, believing however that the items gathered with a good deal of pains and trouble cannot but be interesting and instructive to the people of this country.

TWENTY-ONE YEARS PROGRESS.

And now, in conclusion, I will ask your indulgence, Mr. Speaker, while I call the attention of this House to an extract from a speech delivered by the leader of the Opposition at Oakville, in August, 1888, as it was published in the *Globe*. The hon. gentleman, speaking there made this, as I think, extraordinary statement. He said:

"It is now 21 years since Confederation was established. We started with the hope—is it not true?—we started with the hope, as it was told to that time, that we would link together the British Provinces on the continent of America, that we would bind them together with ties of affection and mutual pride and that we would make them a nation. Such was our dream, such was our hope often expressed, often repeated. Now, I ask every one in this audience, no matter what may have been in the past his political predilections, no matter whether he has been a Conservative or a Reformer—I ask every one in this audience, looking back over the time, how far have we advanced in the task we set ourselves to perform 21 years ago? Sir, the painful answer must be that we have not advanced one iota, one single jot."

The House and I think the country as well will understand why I denominated this an extraordinary utterance for a gentleman who has the political knowledge, and who I believe has at heart—I should like to believe at least that he has at heart—that patriotism which a Canadian statesman should possess. What are the assertions he makes? First, that what we have set out to do was to link together the British

Provinces on the continent of America. We have not advanced one single jot in that respect, says the hon. gentleman. Second, to bind together in bonds of mutual affection and pride the people of this country. We have not advanced a single iota in that direction, says the hon. gentleman. Third, to make of this country a nation. And there has been no advance in that regard. Sir, I think an hon. gentleman who could make an assertion like this in view of the 21 years of progress of this Confederation must have shut his eyes to every part of the record which was plainly written before him, if he could not see the progress made in every part of this country towards linking together these outlying Provinces. I think he must have closed his ears to the sounds of progress which would have greeted them if he had kept them open from every part of the country, showing with every fall of the hammer, with every turn of the wheel, the mutual interests which were being welded together, and which were being brought into play on the line of making these people interdependent on each other, of making them essential to each others wants, and especially linking them together in the bonds of commercial union and in the bonds of social and political union as well.

Let me take up, if you please, Mr. Speaker, these items a little in detail. First, the hon. gentleman said we have not made a single step in advance towards linking the Provinces together. I think the visitor who approached these shores in 1867 and took a survey of the Canadian Provinces as they were then and the same visitor who returns to-day to our shores and takes a survey of Canada as it is to-day, cannot but be impressed with the sharp contrast presented in every line, and particularly in the condition of the country now as compared with the condition of the country then.

LINKING THE PROVINCES TOGETHER.

At that time we had Provinces widely scattered, with hostile tariffs, with no lines of communication. The Maritime Provinces during seven months of the year had no way to reach the Upper Provinces except through foreign territory, and no way during the other months of the year except by a long circuitous route by the sea. The two Provinces in the centre of the country had no access to the great country of the North-West except through a foreign country part of the way and then to make an overland journey by river or by vehicle into some portions of the country in the North-West. The North-West itself was a *terra incognita*, it was unknown even to the few people who lived in some sections of it. It was as unknown as is the centre of Africa to the people of the Maritime Provinces, and to the mass of the people of the two central Provinces as well. The mountains that run north and south between British Columbia and the North-West forbade all intercourse between that country and the Pacific Province. Now, what appears? The visitor who comes here to-day finds a very different state of things. He finds Nova Scotia intersected with railways running to almost every important part of the country. He finds New Brunswick intersected with railways, possessing a larger mileage in

proportion to her population than probably any other country in the world. He sees long lines of splendid communication stretching from Halifax to Montreal, stretching from Montreal to the Pacific and joining with steamship lines east and west, thus forming a communication which unites the great east in Europe with the great east in Asia by the shortest and best route for much of the commerce and for the largest proportion of the passenger traffic between those great sections of the world. He found then, Sir, different Governments, he found then different tariffs, he found then the hopes and the thoughts of each Province bounded within itself, without any great future to look to; and no student of history either in the past or in the present will fail to see the vast effect, and the mighty developing influence, that the hope of an expanding future has upon the growth of a young country. Make it believe that there is nothing in the future in point of great development or of national status, that there is not a future of hope and promise and you have put one of the strongest limits to a country's developing powers. To-day we find Nova Scotians, New Brunswickers, Prince Edward Islanders, men from Ontario and Quebec, and every other Province, not feeling so much that they are bound by the limits of their own Province, but believing and feeling and working out that feeling and belief that they are now citizens of a larger country, that they are citizens of a country which, in extent and in resources, is greater than most countries of the world, and is inferior to but few. We live now under one Government; we have the uniting power which comes from a common political literature; we have all that uniting power which comes from a common commerce and intercourse which spreads from end to end of the country along well travelled lines, and it is simply astonishing to me that a man of intelligence and a man of patriotism can stand up in any portion of Canada in the year 1883, and can say that, as far as linking together the Provinces, there has not been a single step made in advance from 1867 to 1883.

That hon. gentleman said, in the second place, that what was proposed was to bind the people together in ties of mutual respect and affection, and that in that direction no advance had been made.

I take issue with my hon. friend on that point and take issue with him most strongly. I, as a New Brunswick man, plead guilty to ties of mutual respect and affection for my hon. friend, with his kindly manner, with his cultured intellect and, Sir, I should never have known my hon. friend, in all probability, had it not been that these Provinces became united, and that in this gradual coming together of people from different parts of this country I became acquainted with him. What has taken place in this one particular is but a sample of what is taking place every day, for the people of one part of the country become acquainted with the people of another to whom they would have remained strangers for ever if it had not been that the Provinces were united into a one country, with a common Government a mutual commerce and a common political centre.

It is hard to analyse and it is most difficult to estimate the real importance of what takes place in this silent and quiet way. Every visitor from the remote part of one Province or who goes from the older Provinces to the far west, has a power injected into his life which finds its way out into the associations of his whole after life, and which acting upon many units in the way in which it acts on the one does more than we can imagine to make us one people, and to combine together in ties of mutual affection and esteem the people of this common country, living as they do under one common government.

The hon. gentleman said that what was proposed at the outset was to make of this country a nation; whatever he could have meant by that, whether it was meant that the country should take gradually upon itself the larger life, the more generous sentiments and the confidence and pride which comes from greatness continually in progress and continually in growth or whether my hon. friend meant Independence I do not know. I do know that whether it be one or the other, as far as all essential elements of growing nationality and greatness are concerned, there has been a power at work in this Dominion of Canada from 1868 to 1888 which has simply been marvellous in its width and its force, as well as in its resultant effects.

THE ELEMENTS OF NATIONAL LIFE.

What are the elements of national life whether you mean independent national life, or whether you mean the life of a great half continent like ours united in mutual bonds of affection of blood and of common nationality with other countries equally large in extent and greater in population all belonging to the one great Empire, what I ask are the elements of national life? They are great resources, great industries, great traffic and consequent great development. Look at the resources of this country. Has there been no revelation from 1868 to 1888?

Mr. MILLS. None whatever.

Mr. FOSTER. None whatever, says my hon. friend. Well, there never will be so long as such a Bourbon as my hon. friend from Bothwell (Mr. Mills) is a judge of what has been a revelation. Has there been no revelation of the great resources of this country to the people of Canada from 1868 to the present time?

Mr. LANDERKIN. The national debt.

Mr. FOSTER. Has there been no revelation of the immense resources in lands which belong to the country and of the productive soil power which at the time of Confederation was not dreamed of by the inhabitants of the country; has there been no revelation of our great resources of mines and mineral wealth? My hon. friend who sits opposite to me (Mr. Charlton) has been for the last few months a worthy member of a Mining Commission which has gone east and west and north and south. I have read speeches by that hon. gentleman, and I have read reports of the investi-

gations of that commission, and I believe I am perfectly right in saying that within six months a revelation had been made to my hon. friend himself of the resources and variety and value of the mining wealth of this country. In the North-West and in parts of the older Provinces these are gradually coming to light, until to-day, in the Dominion of Canada, resources which are of immense extent and which in the future will result in great wealth to this country have become apparent to all.

Mr. LANDERKIN. Yes, if we can get them developed.

DEVELOPMENT OF INDUSTRIAL LIFE.

Mr. FOSTER. Sir, has there not been an increase in great industries since 1868 till to-day? That question has been so often discussed on the floor of this House, and has a literature which is so well known to the people of this country, that it would be bold in me to attempt to take up the time of this House for a single moment in trying to establish the fact that from 1868 to 1888 there has been an immense stride forward in the establishment of industrial life and of industrial centres in this country. Has there been no great and growing traffic in this country? Why, Sir, our export trade, judged by values alone, has increased from 1868 to 1888 60 per cent., and our total trade 50 per cent; and if the difference in value were taken into account, the trade in volume would be found to have increased in those twenty years more I believe than twice its amount. To-day the Dominion of Canada, in the 21st year of its existence, has a foreign commerce, in addition to its internal trade, amounting in value to \$41.40 *per capita* of its population, while the United States has a *per capita* foreign trade of but \$23. Now let me ask this House to listen to some few statements which will show by the strongest kind of argument, the immense development which has taken place in the manufactures of this country. I have before me a table of the averages and percentages of raw material imported into Canada for home consumption, the items of which show an immense development of industrial life, and consequently of trade life of the country. In order to make this statement as fair as I possibly could, instead of taking single years and comparing them, I have taken two years at the beginning and two years at the end, and compared the average of the two years together in each case. These figures I will hand to the reporter, so that they may be spread upon the records:—

AVERAGE and percentage of raw material imported in Canada for home consumption.

		Wool.	Cotton.	Sugar.	Hides, Horns and Pelts.	Gutta Percha.	Lumber and Timber.	Grease for soap.	Veneers.	Junk and Oakum.	Cork Wood and Cork Bark.	Broom Corn.
		lbs.	lbs.	lbs.	\$	\$	\$	\$	\$	\$	\$	\$
Average.....	1869-70.....	3,210,785	1,418,671	29,018,876	1,038,861	119,338	227,071	55,374	9,741	61,017	5,521	112,001
do	1887-88.....	7,008,012	33,388,766	188,693,004	1,805,293	515,168	830,858	108,724	62,025	54,096	52,324	129,500
do	1869-88.....	5,230,039	17,397,742	104,025,300	1,263,310	338,745	516,213	93,612	34,576	54,341	30,265	100,984
Increase.....	1887-88 over av. 1869-70.	118 p.c....	2,253 p.c....	550 p.c....	74 p.c....	331 p.c.	266 p.c.	96 p.c.	537 p.c.	11 p.c.	848 p.c.	16 p.c..
do	1887-88 do 1869-88.	34 p.c....	92 p.c....	81 p.c....	43 p.c....	52 p.c.	61 p.c.	16 p.c.	79 p.c.	10 of 1 p.c.	73 p.c..	28 p.c..

		Fibres.	Hemp.	Rattans and Reeds.	Jute and Jute B.	Cotton and Woolen Rags.	Bristles.	Hair.	Furs and Skins.			Cloth and Yarn Jute.
		\$	\$	\$	\$	\$	\$	\$	\$			
Average.....	1869-70.....	47,227		9,192		31,195	24,054	12,315	143,485	Average, 1880-81.....		7,020
do	1887-88.....	72,519		19,412		271,789	73,662	36,375	471,029	do 1887-88.....		161,874
do	1869-88.....	51,526		14,775		138,686	49,204	23,672	310,715	do 1880-88.....		93,761
Increase.....	1887-88 over av.									Increase, 1887-88 over av. 1880-		2,206 p.c.
do	1869-70.....	53 p.c....		111 p.c....		771 p.c.	206 p.c.	195 p.c.	228 p.c.	81.....		
do	1887-88 over av.									Increase, 1887-88 over av. 1880-		73 p.c.
do	1869-88.....	41 p.c....		31 p.c....		96 p.c.	49 p.c.	54 p.c.	52 p.c.	88.....		

				Silk, raw.	Sausage Casings.
Average.....	1879-80.....	261,231	2,408	24,369	3,140
do	1887-88.....	740,342	27,665	155,272	25,375
do	1879-88.....	622,052	17,981	91,272	18,653
Increase.....	1887-88 over av.			Increase, 1887-88 over	
do	1879-80.....	183 p.c....	1,049 p.c.	av. 1877-78.....	537 p.c....
do	1887-88 over av.			Increase, 1887-88 over	708 p.c.
do	1879-88.....	19 p.c....	54 p.c.	av. 1877-88.....	70 p.c....
					36 p.c.

This table, Sir, shows the immense progress which has been made in the importation of raw materials which go into the industrial establishments of this country, and which are worked up by the labor and industry of the country, showing, in the first place, a development of industrial life and product of the country, and in the second place, what is a corollary of that, an increase in the internal commerce of the country.

INCREASE IN CANADIAN EXPORTS.

In the exports from Canada the same development is shown :

STATEMENT respecting Exports from Canada from 1868 to 1888.

	Fisheries.	Mines.	Forests.	Agricultural products.	Animals and products.	Cattle.	Apples.	Cheese.	Manufactures.
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Exports in 1868.....	3,357,510	1,446,857	18,262,170	12,871,055	6,893,167	(1874) 751,269	80,135	617,354	1,572,546
Exports in 1888.....	7,793,183	4,110,937	21,302,814	16,436,360	24,719,297	5,012,713 (1874 to 1888) 49,364,094	857,995	8,928,242	4,161,282
Total from 1868 to 1888	127,212,229	72,560,927	462,190,606	363,521,686	349,619,410		6,768,251	89,880,952	64,901,498
Average do ...	6,057,725	3,455,282	22,009,076	17,310,566	16,648,543	3,290,939	322,297	4,280,000	3,090,547
Percentage of increase, 1888, over average of 1868 to 1888 ...	28·64	18·97	3·21	10·82	48·48	52 p.c. (over 1874)	166 p.c.	109	34 p.c.
Percentage of increase, 1888, over 1868..	132·11	184·12	16·65	19·89	258·60	567 p.c.	971 p.c.	1,345	164 p.c.

GREAT INCREASE IN BUSINESS DEVELOPMENT.

If we look also at the increase in the direction indicated by the next table and which shows more particularly the large development of the business of the country we find the same gratifying progress:

	1868.	1888.	Increase or Decrease.	Per cent. of Increase.
Discounts, Chartered Banks	\$ 50,500,316	173,185,812	122,685,496	243
Overdue Notes and Debts in Chartered Banks on each \$100 borrowed (decrease)	" (1873) 2.07	1.54	Decrease .53	Decr'se 25 $\frac{1}{2}$
Bank Notes in circulation	" 8,307,079	30,444,645	22,137,566	266 $\frac{1}{2}$
Deposits in Chartered Banks	" 32,808,104	112,860,700	80,052,596	244
" Savings Branches, Building Societies and Loan Companies	" 959,051	18,251,423	17,292,371	1803
" Savings Banks	" 4,360,692	51,861,984	47,501,292	1089 $\frac{1}{2}$
Money Orders issued	" 3,352,881	10,916,618	7,573,737	226 $\frac{1}{2}$
Letters and Post Cards sent	No. 18,100,000	96,786,000	78,686,000	435
Miles of Railway Built	" 2,522	12,292	9,770	387 $\frac{1}{2}$
Passengers carried	" (1875) 5,190,416	(1887) 10,685,608	5,495,092	106
Receipts from Passengers carried	\$ (1876) 6,254,866	(1887) 11,867,597	5,612,731	89 $\frac{1}{2}$
Freight carried	Tons (1876) 6,331,767	(1887) 16,367,987	10,036,220	158 $\frac{3}{4}$
Receipts from Freight carried	\$ (1876) 12,211,158	(1887) 24,581,047	12,369,889	101 $\frac{3}{4}$
Seagoing and Inland Lakes, Shipping Employed, not including Coasting Vessels.	T. reg 12,982,825	15,217,308	2,234,483	17 $\frac{1}{2}$
Tonnage of Shipping, with Cargo and in Ballast (seagoing), entered, inwards	Tons 2,104,009	4,623,506	2,519,497	119 $\frac{1}{10}$
Tonnage of Shipping, with Cargo and in Ballast and cleared, outwards	" 2,215,312	4,574,297	2,358,985	106 $\frac{3}{4}$
External Commerce (water-borne), tons, Merchandise, brought in	" 1,898,510	2,693,005	784,495	41 $\frac{3}{10}$
" " " and carried out	" 4,284,637	5,599,933	1,315,296	30 $\frac{1}{10}$
Merchandise carried to and from Canada in Seagoing Vessels. Inwards, tons, weight	" (1876) 703,087	1,063,780	360,693	51 $\frac{3}{10}$
Merchandise carried to and from Canada in Seagoing Vessels. Inwards, tons, measure	" (1876) 126,876	247,283	120,407	95
Merchandise carried to and from Canada in Seagoing Vessels. Outwards, tons, weight	" (1876) 1,016,915	1,820,750	803,835	79
Merchandise carried to and from Canada in Seagoing Vessels. Outwards, tons, measure (decrease)	" (1876) 2,218,955	2,107,470	Decr'se 111,485	Decr'se 5
Total Production of Coal	" 623,392	2,449,793	1,826,401	293
Total Consumption of Coal	" 714,893	5,226,967	4,512,074	631
Fire Insurance in Canada	\$ 188,359,809	633,573,697	445,163,888	236 $\frac{3}{10}$
" " British Companies	" 115,222,003	423,070,624	307,848,621	267
" " Canadian "	" 59,340,916	154,165,902	94,824,986	159 $\frac{3}{4}$
" " United States "	" 13,796,890	56,287,171	42,490,281	307 $\frac{1}{10}$

From this it will be seen that the discounts in charter banks show an increase since Confederation of 243 per cent. The total production of coal shows an increase of 293 per cent.; the total consumption of coal shows an increase of 631 per cent.; the total average of fire insurance at risk in Canada, shows an increase of $263\frac{3}{4}$ per cent. All this goes to prove the immense development which has taken place in the country as regards its industries, as regards its moneyed institutions, as regards the savings of the people, and as regards the general indications and the general business prosperity of the country. In the face of all this knitting together, in the face of this better acquaintance and of consequent better appreciation, which has been so powerful an agent in our progress, during the twenty-one years of Confederation—in the face of all these evidences of great material development, I think the statement of my hon. friend was an extraordinary statement—an untrue statement—an unfortunate statement and one which had far better remained unsaid, viz. that from 1868 until to-day, we have made no step forward in linking together the different Provinces, in making the ties of mutual respect and affection stronger between the various parts, or in developing these elements which go to make a nation. In concluding the statement which, by the kind indulgence of this House I have been permitted to make and which, I must say, has been listened to with such kind attention by hon. gentlemen on both sides, allow me to add that I believe Canada now, having attained her majority of twenty-one years, has, as I said at the opening of my remarks, a record which can be regarded with just pride and admiration. Looking back upon her progress during the past 21 years, we can be filled with the fullness of hope for her progress in the untrodden future, confident in the vastness of her resources, in the intelligence and commercial fibre of her people, in the enterprise of her business men, and in the great facilities for commerce, which, thanks to the generous expenditure of this people and the Government are found in those great lines of communication which permeate all parts of the country, and resting upon these and their certain influences and effects, I believe that Canada, to-day, can look forward to a future full of peace, of plenty, and of continued prosperity. So far as I am concerned, as a citizen, and I hope not an unobservant citizen, of this country and of the course of her past history, and as a lover of my country, wishful for her peace and prosperity, for her best and safest political status, I believe that we have every reason to be fond of and to look with pride on Canada. Whether we be Frenchmen or Englishmen or Scotchmen or Irishmen or Swedes or Icelanders or Mennonites, the welding process is at work, and every day we are becoming more truly Canadians in heart and sentiment, attached to our country, confident in its resources, and hopeful of its future. In moving that you do now leave the Chair and that the House go into Committee of Supply, I beg to state that although a great many representations have been made to myself as Finance Minister and to my colleague the Minister of Customs, with reference to changes and readjustments of the tariff,—many of which have had some merit in themselves and others of which seem to have had little merit, so far as commending themselves to our attention for change or re-adjustment was concerned,—I have made the statement which I made to-day upon the basis of the present tariff arrangements, feeling certain that if upon fuller consideration of some few points which yet remain to be decided, any re-adjustment or change may take place, it will not be of a character and importance to materially alter the statement which I have made or change the basis to any large extent of what we may hope to receive from the different sources of revenue.

INDEX.

	PAGE.
Commercial condition in 1888.....	29
Debt of Canada.....	9, 21, 23
do contrasted with United States.....	10-12
do probable—in 1889-92.....	22
Development of business.....	51
do industrial life.....	48
Elements of national life.....	47
Exports, average and percentage 1868 to 1888.....	50
Financial statement.....	4-9
do fiscal year 1887-88.....	4, 5
do do 1888-89.....	6, 7
do estimated for 1889-90.....	7, 8
Imports, average and percentage, 1869 to 1888.....	49
Linking the Provinces together.....	45
Loan of 1888.....	23-28
Loans made since 1867.....	25
Progress in 21 years.....	44
Taxation and its incidence.....	12-17
do application of.....	18-19
do in Canada and the United States contrasted.....	17
do in Great Britain.....	18
do its compensations in Canada.....	20, 21
do and earnings per head.....	13
Trade, Canada's foreign.....	30, 34, 35
do along the Intercolonial.....	41
do growth of Canada's coasting.....	42
do do interprovincial.....	37-44
do values and volume of.....	31-33
do <i>via</i> the Canadian Pacific Railway.....	43