





*Finances of the Dominion of Canada.*

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# BUDGET SPEECH

DELIVERED BY

SIR S. L. MILLEY, MINISTER OF FINANCE,

IN THE

HOUSE OF COMMONS OF CANADA,

ON

*FRIDAY, FEBRUARY 24TH, 1882.*



Ottawa, Canada.

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Sir LEONARD TILLEY, in moving the House into Committee of Ways and Means, said:—Mr. Speaker, in moving that you leave the Chair, and that the House resolve itself into Committee of Ways and Means, I desire to make the usual financial statement. I may be permitted, Sir, to say that at no period in the history of Canada has a Government met Parliament with the financial condition of the country in the position it is to-day; at no period in the history of Canada has its credit stood so high as it stands to-day; at no period in the history of Canada, possibly, was the country, generally speaking, as prosperous as or more prosperous than it is to-day; and I propose, Sir, in the statements that I am about to submit to the House, to establish that that prosperity is in a great measure dependent upon the policy of the Government adopted by Parliament. I know, Sir, that in the estimation of some of my friends opposite I have undertaken a herculean task.

Some hon. MEMBERS.—Hear, hear.

Sir LEONARD TILLEY.—Hon. gentlemen opposite say “hear, hear.” In view in the predictions of hon. gentlemen opposite in 1870.

with reference to this policy—when I am now able to submit, after an experience of less than three years, its results—I trust that I will be able to convince them even that this policy has had much to do with bringing about the present state of affairs in this country. I regret, Sir, that I was not in the House either on Tuesday or yesterday afternoon (circumstances preventing my being present) to hear the speeches delivered by the hon. members for South Brant and Norfolk. I recollect, last year, that the hon. member for South Brant led up, as on the present occasion, a discussion of the policy of the Government, and the effect of the Tariff, in advance of the statement of the Budget Speech, and I called the hon. gentleman's attention, on that occasion, to the fact that it was not usual to pursue such a course. The hon. member told me we had been so long in bringing down the Budget, six weeks having elapsed, he could wait no longer; yet, on the present occasion, though not a fortnight had elapsed since the opening of Parliament, the hon. member was again to the front, anticipating, as on a former occasion, the discussion that usually takes place after the financial statement. Sir, he was followed yesterday by the hon. member for Norfolk on the fiscal policy of the Government. I could not help thinking that the hon. member for Centre Huron may, by-and-bye—when the time arrives so much hoped for by hon. gentlemen opposite, when the present Opposition shall change places with us—find some rivals for the position he formerly occupied; but the hon. members for South Brant and Norfolk—provided they adopt our policy, which, as I have stated on previous occasions, is the only course for them to pursue in order to get on this side of the House—will have the advantage of the hon. member for Centre Huron, because they can point to the emphatic, impressive and admirable speeches they delivered some three or four years ago in favour of a protective policy. Sir, the position of the Government when they introduced what is called the National Policy was a difficult one, because they had a difficult question to deal with. There was necessarily a great deal of speculation with respect to the effect of the adoption of that policy, even in the minds of some of its friends and advocates. There was a question in their minds, as well as in the minds of hon. gentlemen opposite, whether, if it proved to be a protective policy, we would obtain sufficient revenue;

if, on the contrary, it proved to be a revenue tariff, whether it would give the protection to the industries of the country which was demanded by the people, as evidenced by the elections of 1878; and necessarily we, who had given careful consideration to this matter, had to speculate to a certain extent with respect to its effect. But, Sir, in 1880 the opinions that we had entertained in 1879 were being confirmed by the experience of the nine months. In 1881 they were still stronger, because evidence had accumulated to show that our position was the correct one; and to-day we stand in an impregnable position with respect to the results of the Tariff, both for protection and revenue purposes. I recollect very well last Session, when I made my financial statement, that it showed an apparent deficit of \$1,500,000, and when I explained that, under the operation of the Tariff, it would have provided just about sufficient to meet the necessary expenditure had we not in the year previous received a large revenue on articles consumed in the year following, hon. gentlemen opposite laughed at that idea, declaring that the plea would not avail, and that the Government had a deficit to announce to the House. But what I stated was the fact. It shows that the producing power of the Tariff, as far as revenue is concerned, was such as to give us, if we had the \$700,000 of Customs collected in the year previous for goods consumed in the following year, and \$500,000 or \$600,000 of Excise collected in the year previous in anticipation of the change of Tariff, on goods consumed in the year following, there would not have been a deficit of more than \$200,000, showing how accurately and how fully the estimates of the Government were borne out.

#### THE SURPLUS.

But, to-day, we stand here not with any doubt as to its revenue producing power, but with evidence of the last year before us, with the Public Accounts and statements on the Table of the House, showing not only no deficit of even \$200,000, but, instead of an estimated surplus of \$2,000,000, there is a surplus of \$4,132,743 in the Treasury, as the result of its operations. Mr. Speaker, the hon. leader of the Opposition, in discussing the Address in answer to the Speech from the Throne (I regret he is not present, and we all regret the circumstances which render his absence necessary), said that he could not understand why it was that the Government had asked the people to bear the additional

burden of the surplus, unless it was after the manner of the man who was found carrying a heavy rail up a hill, and, when asked why he was doing it, said it was for the pleasure he would enjoy in laying it down. Now, Sir, in this connection permit me to draw a contrast between the effect that was produced by the increase of \$3,000,000 taxation imposed by my predecessor, in 1874, and the proposition in 1879. In 1874, my hon. predecessor asked Parliament to give him, in addition to what he could collect from the then existing Tariff, \$3,000,000 for the purpose of carrying on the public works, completing the Pacific Railway, and other engagements which the Government was bound to carry out. What was the result upon the revenue? In the year following a response was given in the shape of an increase of something like \$3,000,000 paid into the Treasury; but, from 1875 down to 1879, the average amount received from the Tariff then existing was but \$12,500,000 per year. Had there been no change in the Tariff in 1879, the receipts from Customs would have been but a little over \$12,000,000.

Sir RICHARD J. CARTWRIGHT.—No.

Sir LEONARD TILLEY.—Well, I will not simply say yes, but will prove it as I proceed. Sir, what caused this? It was caused by the general depression in the country. You may impose a burden upon a man, but unless you give him food and sustenance he will be unable to carry that burden. The hon. gentleman opposite (Sir Richard J. Cartwright) imposed burdens on the people, but gave them no food to supply them with strength to carry them. What was the condition of our people at that time? With the prices of all the manufactures and products of the United States at that time exceedingly low, owing to the condition of that country then, the Tariff that he submitted was food and encouragement for the foreigner, but both were denied to our own people. When our people asked the hon. gentleman for bread, he gave them a stone; and the result was that, all over this country, factories were either closed or working at half time.

Mr. MACKENZIE.—No; you must prove that too.

Sir LEONARD TILLEY.—Well, I can prove that also, because I saw some of them closed myself, and hon. gentlemen opposite asked me, within a year after, why we had not re-opened them. Men were without employment, knocking at the doors of Parliament, knocking at

the doors of the Department of Public Works, asking for employment, and none could be got. It could not be expected, under these circumstances, that men could respond to the requirements of the hon. gentleman's Tariff; for if they had not the means they could not buy either the products of Canada or the imports from other countries. The result was that, instead of obtaining an increase to the revenue, the revenue fell to what it was in 1874, before the increases were made, and the people refused to bear the burden that was imposed upon them. How was it in 1879? We asked Parliament to give us such changes in the Tariff as would not only protect the industries of the country, but give us an increased revenue. Was there a response? I stated at the outset that the response was ample, provided the money had been paid in for the year 1879 that belonged to that year. And in the year that followed, what was the response? They gave us a surplus of four million dollars and upwards, because we found employment for the people; because, by obtaining for them employment and higher wages, they were able to buy more than formerly. Men who owned bank stock had greater value in it than in 1878-79; men who had tenements unoccupied in 1878-79, had tenants for their houses, and the additional revenue thus received on all hands enabled them to buy more than in previous years. Men who were formerly working at half time and on low wages received higher wages and were working over-time. Farmers who had low prices and found sales difficult received high prices and prompt cash sales. The result was that, while we estimated the capacity of our people to contribute during the year \$17,000,000 for Customs to the Treasury, they paid in, voluntarily—because it was to a great extent voluntarily—\$18,500,000. I say voluntarily, because, of the increases of last year over the previous year, \$778,000 was paid in luxuries, such as wines, spirits, silks and satins, and articles of that kind. That indicates very clearly that the people had the means, and, having the means, they contributed more in that way than before. In the finer description of woollen goods, for instance, which are not manufactured in Canada, they contributed \$400,000 more to the Treasury than last year. In the article of cottons, which pay 20 per cent., they contributed \$300,000 more than in the year before. All this shows an increased purchasing power on the part of the people. We under-estimated their improved

condition when we estimated that they would only contribute \$17,000,000; they contributed \$18,500,000. One important feature in this connection is that, though we expended for Public Works \$8,150,000 during that year, and redeemed about \$2,000,000 existing liabilities, bearing 6 per cent., the surplus of over \$4,000,000, with the amount of deposits in the savings banks of the Dominion, \$4,750,000, enabled us to meet these payments chargeable to capital, and still our interest account was less by \$90,000 than the year before. But I qualify that in this way: we paid \$90,000 less interest than the year previous; but, if we take the statement of the interest that was due for the year, and count it as all paid—though it was not all paid within the year—there would be still \$25,000 less interest than in the year previous, notwithstanding the increase of the expenditure on debt account. Now, it has been said that this surplus was an unnecessary burden on the people, that it ought not to have been imposed; but gentlemen who hold that view, and say that it is unwise to have a surplus of three or four million dollars, have at the same time stated that the United States are paying off their debt at the rate of \$100,000,000 per year, and commend them for so doing; and assert that, unless we look carefully after our affairs, we will be subjected to burdens which, in view of the fact that their debt will speedily be wiped out, and they will have little or no taxation, will place us at a great disadvantage with them. Well, Sir, I cannot quite see, if it is desirable, in the opinion of those gentlemen, that there should be a surplus in the United States for the purpose of paying off their debt, that it is objectionable on the part of the Dominion of Canada to have a surplus, especially when it is collected under the circumstances to which I refer.

#### EXPORTS.

Sir, it is customary, I find, with our friends opposite, when addressing either their own constituents or other constituencies in different parts of the Dominion of Canada, to refer to the present state of things as alone the result of large exports during the last two or three years, and, if I am rightly informed, the Hon. member for South Brant (Mr. Paterson) stated that the present condition of affairs in Canada was not the result of the National Policy, but it was the result of large exports and a large receipt of gold coming into the country. Well, Sir, I find

that that hon. gentleman and other hon. members, when they are speaking of the condition of the country, or when they are speaking of the position of the late Government and of the present Government, with reference to their expenditure, are very apt to select one particular period against another period ; one particular year, for instance, during the administration of the hon. gentlemen opposite against a particular year of the present administration. So, in the case to which I am now referring, the hon. member refers to the exports during the past year, 1881, and he says that the present condition of the country is to be attributed to that large export. Would it not be well, Mr. Speaker, for hon. gentlemen opposite when they are making a comparison between the condition of the country under the two Governments, and embracing different periods, that they should select the whole period ; for instance, that they should select the five years during which our hon. friends were in power and the two or three years during which the present Government have been in power, rather than select one particular year. It might not be convenient for the hon. member to do so ; but I have had made up a statement to show that the present state of the country cannot be the result of largely increased exports of the products of Canada.

Mr. PATERSON.—Hear, hear.

Sir LEONARD TILLEY.—I will read them, and then I will challenge the hon. member to show that they are not correct. In 1874, the exports of Canadian products, including Canadian manufactures, were \$73,926,748 ; in 1875, they were \$67,490,893 ; in 1876, \$69,861,849 ; in 1877, \$65,864,880 ; in 1878, \$65,740,134 ; or an average for the five years of \$68,576,901. In 1879, they were \$60,089,578 ; in 1880, \$70,096,191 ; in 1881, \$80,921,379 ; making an average for the three years of \$70,369,049, an increase per annum of \$1,792,148. Now, Sir, the present state of affairs is not dependent upon the exports alone of the products of Canada. Considering the average population during that period and the average population during the past three years, he will find that the then state of the country as compared with the present, or the present condition of the country as compared with its condition then, is not due entirely, as he claims it is, to that cause or to causes quite outside the National Policy. I call his attention to that because it is of importance to show that,

during the five years that our friends opposite were in power, the value of the exports, being products of Canada, was but \$1,700,000 a year less, with a smaller population, than it was during the three years the present Administration have been in power.

#### EXPENDITURE AND TAXATION.

Moreover, hon. gentlemen very often take up the expenditure of 1877-78, by the late Government, and they compare it with the expenditure of last year, and then point to it as an evidence of the extravagance of this extravagant Government. Sir, I am prepared to show, from the data I have before me, that, if the hon. gentlemen opposite had collected from Customs, Excise and Stamp Duty money enough to pay their expenditure, and if the present Administration had collected simply money enough to pay theirs, upon the average population of the five years they were in power and the three years we have been in office, the figures show that 23 cents per head less would have been collected from the people of Canada during the last three years than during the five years that my friends opposite were in power. I have the figures here, and I will give you the data on which they are made up. There were collected from Customs, Excise and Stamps, in 1874-75, \$20,664,578.96; in 1875-76, \$18,614,415.02; in 1876-77, \$17,697,924.82; in 1877-78, \$17,841,938.19; in 1878-79, \$18,476,613.35; making a total of \$93,295,770.34. The deficits during the five years were \$5,491,269.51. If the deficits had been collected and added to the sums above, it would have amounted to \$98,787,039.85. The average for the five years was \$19,757,407.97. The average population for this period being 4,050,674, the per capita tax during that period was \$4.88 per head. These are the figures and these are the results. There were collected from Customs, Excise and Stamps, in 1879-80, \$18,479,576.44; for 1880-81, \$23,942,138.95, making a total of \$42,421,715.39. Deducting the surplus for the two years \$2,589,515.36, leaves \$39,832,200.03. The average for the two years of taxation was \$19,916,100.01, being, on a population of 4,282,360, \$4.65 per head during the last two years, as against \$4.88 during the other period. Now, Sir, it may be said, but you collected more. We admit it; we collected \$2,900,000 in the two years more than was

required for the expenditure. That was the surplus for the two years, and, having been used in the reduction of the debt, diminished our taxation for all time to come. If any hon. gentleman on the opposite side should object to this it should not be the hon. member for Bothwell (Mr. Mills), because, in a speech he made in the West not long since, he justified the collection from the people during the hard times of less than was required, and he said it was a proper thing to collect less, because, when the times became better, they would collect more to make it up; and that is exactly what we have been doing. It is a very common thing to state—I have heard it stated in my own presence by a gentleman whom I am happy to see present—that the expenditure of the country has enormously increased within the last two or three years. I have shown that the taxation has not increased, because we require 23 cents per head less than before. But of course the expenditure has increased. How could it be otherwise? If we compare the average expenditure of 1874-79 and 1880-81 with the average expenditure for the five years previous, we find that our average annual expenditure is \$1,229,372 in excess of the average annual expenditure of our predecessors. I admit that fact; there is no denying it. It is a matter of record, and I do not wish to deny it. But what becomes necessary to do now is to show how this increased annual expenditure of \$1,229,372 was incurred, to compare the expenditure of the previous years with that of the last two years, and show that the present Government has been more economical than its predecessors by at least \$1,000,000 per year. Now, what do we find? We find that, from the 1st July, 1874, to the 1st July, 1879, the expenditure was \$119,679,284, or an average of \$23,935,856 per annum. From the 1st July, 1879, to the 1st July, 1881, the expenditure was \$50,356,866, or an average annual expenditure of \$25,178,413, the difference in their favour being, as I have already stated, \$1,229,372. And for what purpose were those expenditures made? In the first place, we find that in 1879-80 and 1880-81 we worked an average of 401 miles of railway more than hon. gentlemen opposite worked when they were in office. These 401 miles of railway involved an expenditure of \$802,000 in excess of the expenditure for the like service performed by our predecessors.

**Mr. MACKENZIE**—Where were these 401 miles of railway?

Sir LEONARD TILLEY.—I have the figures from a return furnished me by the Department of Railways showing that 401 miles were worked during 1881 over and above the average worked by hon. gentlemen opposite. These figures are furnished in a return from the Department giving the different roads, and I am satisfied it is reliable. I will give the figures in detail if the hon. gentlemen want them. The average amount of interest paid on the debt during 1879-80 and 1880-81, was \$7,648,006, against an average interest paid by our predecessors from 1874 to 1879 of \$6,806,507, making an increase in the average payment of interest during the two years to which I refer, since the present Government came into power, of \$877,499. The increase in the sinking fund during the same period over the average paid by hon. gentlemen opposite was \$353,197. This was a practical reduction of debt by that amount. Then take the average increase of expenditure for Indians, and for the management of lands in the North-West, as compared with the expenditure for these services from 1874 to 1879, and we find that we have added, on account of these items, the sum of \$235,042. Take next the exceptional appropriations made by Parliament last year, averaging \$58,500, for the relief of the sufferers by fires in Hull and Quebec, and the relief of our Irish fellow-countrymen, and the increased expenditure for the Census over their average, amounting to \$56,079, and we have the following result—an increased expenditure altogether of \$2,382,617 which hon. gentlemen opposite were not called upon to make, against an average increase of \$1,229,372, or a difference of \$1,153,245 in favour of the present Administration. If I add to that the \$190,000 expended in the establishment of post offices in the North-West and British Columbia, and in the Post Office service generally, for which we have added nothing to the taxation of the people—because the difference between receipts and expenditure in the Post Office is less during the two last years—it would amount to \$1,343,000. We have, then, an answer to the question which has been asked by the leader of the Opposition how it was that in a speech I made in August, 1878, I stated that I believed that \$22,500,000 would have been sufficient to pay the expenditures of the country during the five years the hon. gentlemen opposite were in power. If you deduct the amount I have mentioned from their average expenditure during the five years of

their Administration—of \$23,900,000—we have just about \$22,500,000. In other words, deducting those expenditures, it will be seen that I was justified in making the statement to which the hon. gentleman alluded, because it is on that basis that we are carrying on the business of the country to-day. It is just as well that the whole truth should be known in reference to this matter, and while we, on both sides of the House, may be addressing public meetings, in different parts of the country, we may not have the opportunity of meeting each other face to face as we do here in Parliament. It gave me great satisfaction to have my hon. friend opposite on the platform with me in West Northumberland, and I felt it an advantage—considering the position we occupy with reference to the financial position and the expenditure of the country—to have my opponent within reach, where he could make his statement, and I mine, and then leave the country, or those who were present, to decide who was right and who was wrong. It is desirable that we should meet our constituents and the people generally on all suitable occasions, but it is not always convenient for both parties to be present at the same time. Sometimes there is not sufficient time in an afternoon, and I admit that sometimes it is difficult to arrange that both sides should be heard on the same evening; and again, previous engagements may prevent, but, at the same time, it would be more satisfactory to the people who listen to these statements if they could hear, on the same occasion, the statements made by both parties—the one in opposition to the Government and the other in its defence. But here we have the satisfaction of knowing that the hon. gentlemen opposite—gentlemen who are thoroughly posted in every weak point in the armour of the Government, who are ready to insert a lance if the opportunity occurs—are present to hear our statements, and that we can each present our claims in the presence of the other. It will be for the public to decide, after these discussions are over, who are most worthy of their confidence. I know, Sir, that it has been said, and said truly, so far as the figures are concerned, that the expenditure of 1878 was something like \$23,500,000, while the expenditure of 1881 was \$25,500,000—public attention has been called to this fact—and therefore it is that I now point to statements, taken from the Public Accounts, of the receipts from Customs and Excise during the periods I

have named, to the facts as they appear upon record, to show that not only have the present Administration taxed the people for the necessary expenses of the country less than our predecessors did, but that we have absolutely spent, for the services performed by them, more than a million dollars per annum less than they did. It may be of some importance, as I have already referred to the expenditures for Postal service, to call the attention of the House to the details. From 1875 to 1879, the expenditure for this service averaged \$1,709,375, and the receipts for the same period averaged \$1,149,423, leaving an annual deficit of \$559,952. From 1879 to 1881 the expenditure averaged \$1,847,505, and the receipts \$1,302,303, leaving an annual deficit of \$545,202. That shows an average increased expenditure of \$138,130 a year, with increased accommodation to the North-West, British Columbia, and various parts of the outlying portions of the Dominion, as well as increased postal facilities to the central and more populous portions, and an average increased revenue of \$152,880, or a reduction of the deficit to the extent of \$14,750 a year. Now, Sir, it may be well to call the attention of the House to one or two other facts, to show why it is that we have been able to keep the taxation of the people lower than it was during the time our friends opposite were in power. In connection with this, I desire to call the attention of the House to returns with reference to the working of the railways. From July, 1874, to July, 1879, the working expenses per mile of the Inter-colonial Railway—and I have this return from Mr. Tims, the accountant—were, on the average, \$2,659, and from July, 1879, to July, 1881, \$1,987, or a difference of \$671 per mile. The average receipts per mile for the five years from the 1st July, 1874, to the 1st July, 1879, were \$1,760, and for the two years from the 1st July, 1879, to the 1st July, 1881, \$1,930, or an increase in the income of \$170 per mile, and a reduction in the expenditure of \$671 per mile. The average mileage expenditure of the Prince Edward Island Railway from July, 1875, to July, 1879, was \$1,129, and from July, 1879, to July, 1881, \$926, being a decrease in the working expenses of \$202 per mile. The average receipts per mile for the four years from July, 1875, to July, 1879, were \$649, and for the two years from July, 1879 to July, 1881, \$617, being a decrease in the mileage receipts of \$32, against a decrease

in the expenditure of \$203 per mile. That I give, Sir, as one of the items of reduction in our expenditure, which left us such a margin that it enabled us to incur increased expenditure, and at the same time to diminish the taxation. There has been another statement put forward calculated very much to discourage and dishearten the people of Canada, and at the same time to injure the Government ; that is that the debt of the Dominion of Canada is increasing in a greater ratio than its wealth and its population, and that, looking to the future, there is not a bright outlook for us financially when the Pacific Railway is completed, and all existing engagements fully carried out. Now, Sir, I think it is important, in the interests of the country, that the people should quite understand there is no foundation for the alarm thus attempted to be created. I say, Mr. Speaker, that, looking at the debt as it is to-day, looking at the position of the debt three years ago, in looking at the liabilities of Canada when this Union was formed, and looking at the liabilities that are ahead of us in connection with the completion of the Pacific Railway, I have risen from the investigation of this matter with the conviction strongly fixed in my mind that there is no reason whatever for alarm, but that there is the greatest ground for hope and encouragement. It is a fact known to many members of this House that when the four Provinces which originally composed this Union came together in Confederation the then existing debt of Canada averaged \$20 per head, based upon the Census returns of 1861. \$25 a head was at that time assumed by the Dominion of Canada, with the exception of New Brunswick, which, under special circumstances, received consideration to the extent of \$2.50 more. We know perfectly well that that did not pay all the debt of Ontario and Quebec. It left a debt equal to \$4 a head, which was subsequently, in 1873, assumed by the Dominion. Therefore, there existed at that time a debt, taking the population of 1861, of \$29 a head for every man, woman and child in the Provinces which in 1867 constituted Canada. Then there was the obligation, which became part and parcel of the Constitution—an obligation which has since been fulfilled—to construct the Intercolonial Railway ; and the construction of that railway added \$6 a head to the debt, over and above the \$29 that existed at the time of the Union, making the debt practically \$35 a head. In 1878-79 the net debt of

the Dominion of Canada was but \$31 per head of the population. At the present moment it is something like \$35 per head of the population. Let us see what it will be. In 1879, the net debt, as shown by the Accounts, was \$147,481,070; in 1881 it was \$155,395,680. Then our engagements from the 1st July last, for the completion of the Pacific Railway, including the \$25,000,000 to be paid to the Syndicate, the \$13,500,000 to be expended by the Government in the completion of the sections now under contract, canal expenditure, say \$6,000,000, and other expenditure chargeable to capital, say \$3,500,000, will make the total \$203,397,680. But between this and 1890 the amount that is to be paid into the sinking fund, and which forms part of our annual charges upon the consolidated revenue, will average \$1,500,000 a year for the next nine years. That will give for the reduction of the debt \$13,500,000. Then the surplus for the nine years—

An hon. MEMBER.—Oh!

Sir LEONARD TILLEY.—An hon. member says "Oh!" but when we have \$4,500,000 assured for this year, when there is no doubt, after the reduction that we propose to make, that there will be a surplus of \$3,000,000 for the next year, it is not, I think, asking too much for the hon. gentleman to accept as reasonable a surplus of \$1,000,000 a year, for the remaining seven years of the nine, commencing on the 1st July last; that would make \$14,500,000, and would, with the sinking fund, reduce the net debt to \$175,897,680. But if we estimate the increase of population at but 18 per cent. only during the ten years—the increase of the last decade—the result will be that, taking the population at that period, and the debt as stated, the net debt will be \$34.27 per head. Then if we have any extraordinary increase of our population (which I think it is but right to expect we will, but which I have not estimated for here) it will be ample to meet, at any rate, any extraordinary expenditure that may be chargeable to the debt which we are not anticipating at the present moment. But, more than that, if the 150,000,000 acres of arable land that will be the property of the Government after handing over to the Syndicate 25,000,000 acres, and which is now established as fit for settlement, yields but \$1 an acre for half of it (the other half being offered as a free gift to settlers), it will meet the whole expenditure of the Government on the Pacific Railway,

and in the North-West down to 1890. If that be the case, then our debt, which certainly is not alarming, provided we realize from these lands the sum that I have stated, would only be about \$100,000,000, instead of \$175,000,000, or less than twenty dollars per head. Under these circumstances, Sir, I think there is no great cause for alarm, as far as the taxation of the people is concerned, growing out of the increase of the debt. Then there is another mode of dealing with this question, and that is the interest we have to pay. We paid per head of the population :—

In 1867-68 .....	\$1 29
In 1874 .....	1 31½
In 1878-79 .....	1 56¾
In 1881 .....	1 57¾

In 1890, estimating the net debt at \$175,897,680, and the population based on an increase of 18 per cent. for the ten years—taking into account the fact that the whole debt of the Dominion of Canada will then bear but 4 per cent. instead of the interest we are paying now—taking that into account, and placing the interest on the debt at \$7,000,000 per annum, the interest per head of the population at that time would be at most \$1.37, against \$1.57¾ at the present day, and this estimate does not take into account the probable reduction of debt by the sales of lands. This, Sir, I think is an encouraging feature in connection with the future taxation of the people of Canada.

#### ESTIMATED EXPENDITURE FOR CURRENT YEAR.

We now come to the estimated expenditure for the current year. I submit for the consideration of the House an amended estimate of the receipts of the current year :—

Customs .....	\$20,500,000
Excise .....	5,600,000
Post Office .....	1,400,000
Public Works, Canals and Railways .....	2,460,000
Interest on Investments .....	750,000
Miscellaneous .....	900,000
Bill Stamps .....	100,000
Total .....	<u>\$31,710,000</u>

and an expenditure of \$27,250,000, showing a surplus of \$4,460,000 for the current year. I laid upon the table of the House yesterday a

supplementary estimate for the present year, involving an increased expenditure, chargeable to Consolidated Revenue, of something like \$1,000,000. That is composed of the following items:—Indians, \$327,189. [I need scarcely enter upon any explanation with reference to the circumstances under which this additional expenditure was made necessary for the current year. It was referred to by the right hon. the leader of the Government in the remarks that he made on the Address in reply to the speech of the hon. leader of the Opposition.] The next item is working expenses of railways, \$312,000. That is not an increased tax upon the people. It is an increased expenditure rendered necessary, I am happy to say, by the increased business of the railways, and I am also happy to be able to state that they are yielding a revenue equivalent to the increased expenditure, and, therefore, though it adds to the nominal sum of the expenditure of the year, it adds nothing whatever to the taxation of the year. Then we come to the immigration expenses, \$28,000. This is an item that was formerly borne by the Government of Ontario, under an arrangement made with that Government that they would bear two-thirds of the expenses of immigrants settling in that Province and coming by way of Quebec. They decline now to continue that arrangement, and we have to ask the House for \$28,000 to pay the expenses thus incurred. The increased expenditure for the Post Office is something like \$75,000, but, as I explained before, it gives an increased revenue. Public Works, income and maintenance and repairs, show an increase of, in one, \$98,336, and the other, \$29,000, owing to increased expenditure in the maintenance of canals, in keeping them up and having them in efficient order and condition.

Mr. MACKENZIE.—Can the hon. gentleman give the canals separate from the railways?

Sir LEONARD TILLEY.—On Public Works for income is charged \$98,366; for maintenance and repairs, \$29,000; Mounted Police, \$90,000. This was also referred to by the hon. leader of the Government in the speech he made in answer to the hon. the leader of the Opposition. It is for the proposed increase of the force; \$90,000 is to be expended during the present year, because a portion of the force will be furnished with their outfit and sent there immediately. The

expenditure this year is, therefore, larger in proportion for the time they will be on duty than that for next year. The engagements falling due for the year 1881-82, not chargeable to Consolidated Revenue, may be stated as follows: Redemption of the Debt, \$2,758,880; railways and canals, \$9,500,000; surveys of lands in the North-West, \$100,000, making altogether \$12,688,880. We propose meeting this in the following way: Surplus for the year, \$1,460,000; deposits in Government Savings Banks, in excess of payments, \$4,500,000; in banks, to the credit of the Receiver General at call, \$5,300,000, out of which we can take the remaining \$4,000,000. This makes \$12,960,000, without borrowing one dollar on Bonds or Debentures.

#### PROPOSED CHANGES IN THE TARIFF.

Before I take up the expenditure of the next year, it will be convenient for me to give some idea of the proposed changes in the Tariff during this Session. I think it best to do so before I enter upon the estimated receipts and expenditures of next year. The following are the proposed changes in the Tariff. The resolutions are differently worded, but I have placed them in this form so that hon. members may understand exactly the effect of the resolutions. It is proposed to place upon the free list, taking them alphabetically, anatomical preparations; they were free previous to 1879, now they are restored to the free list. Bees; brass in sheets; Britannia metals in pigs and bars; celluloid in sheets. Celluloid is an imitation ivory used by cabinet makers and organ builders; it now pays 20 per cent. China clay. Chloralum as a disinfectant is a most valuable article, and used extensively by rich and poor, it has been thought desirable to place it on the free list. Coffee, green (except by Act 42 Victoria, chapter 15), free; fowls for improving stock; iron, sand or globules and dry putty for polishing granite. Quinine; this has been done in deference to the wishes of our hon. friends opposite. Quicksilver; spelter in blocks and pigs; tea (except as provided in Act 42 Victoria, chapter 15). [Perhaps, Mr. Speaker, it would be as well, while I am on the tea question, to say a word or two with reference to some criticism that has been made upon the course the Government took in announcing in advance that Parliament would be asked to remove this duty. It will be remembered by the House that when last Session the hon. leader of the Opposition

presented resolutions for their consideration, proposing a reduction of taxation, I rose in my place and on behalf of the Government stated the reasons why, at that time, we did not feel ourselves in a position to ask Parliament to reduce taxation. We stated that it was uncertain what effect this policy would have, although it had shown that it was a revenue producing Tariff up to that period. Still, there was some uncertainty as to the effects it would have when the new industries being established were in full operation. What was more important, I also stated that there had been petitions sent to Congress from Massachusetts, from Maine, and from New York, asking them to appoint a Commission to confer with a Commission to be appointed by the Imperial Government, to consider the question of reciprocity ; that, under these circumstances, it was not desirable to remove any duties then collected, as by such an arrangement we would lose \$1,000,000 revenue at least on natural products. If no arrangements were made with the United States by which this revenue would be interfered with, I stated that on the re-assembling of Parliament I would ask the representatives of the people to remove two items of taxation, namely, the duties on tea and coffee. When, in 1872, without any notice to the public, with a duty on tea 50 per cent. higher than at present, tea dealers were found with large stocks on hand duty paid, when applications were made to the Government to refund it, and which, under the circumstances, the Government then consented to do, at this time it would be exceedingly difficult to adopt that principle, particularly as we have a differential duty on tea coming from the United States. It would have been exceedingly difficult to decide as to its value, and whether it was American importation or not. The Government, therefore, decided, unless there were stronger reasons than we could then see, we would not take the course we did in 1872. And to diminish the difficulty what did we do? When visiting the Maritime Provinces in July, and other members of the Government as well, we declared distinctly what we stated in Parliament—that we intended, among others things, to ask Parliament to take the duty off tea and coffee. And we made this statement so that every dealer in the country would be on the alert. We did not want the revenue ; we did not wish any man to lose by a reduction in the Tariff on these articles ; and we did not wish to be subjected to the

embarrassment that occurred in 1872 ; so we repeated what we said in Parliament, thus putting every man on his guard. Proceeding with the changes in the Tariff, we also propose to place on the free list tin in blocks, pigs, bars and sheets. That means a reduction of \$100,000 of revenue at least. It is true on the tins used for the fisheries and exported the parties now obtain a drawback, but that is attended with considerable difficulty. There is a growing industry in this country, the canning industry—this covers canned fish, fruits and vegetables ; the removal of this duty will be a relief to the agricultural and fishing industries. Woods—African teak, blackhearted bony, lignum vitæ, red cedar and satinwood—we propose also to place on the free list. This will meet the case of some industries in the country which use them and have to pay duty on them. The following duties are changed : Bookbinders' tools and implements, from 15 per cent. to 10 per cent. Common and colourless window glass, now 20 per cent., we propose to raise to 30 per cent. The late Finance Minister will be glad to hear this proposition, because one of the glass factories is located in a section of the country in which he is interested.

Sir RICHARD J. CARTWRIGHT.—No ; no.

Sir LEONARD TILLEY.—Scrap iron, now paying \$2 per ton, we propose to reduce to \$1. The question of the iron duties has been pressed upon the Government. The iron industry is an important one, no doubt ; but at this moment we are not prepared to submit any further proposition regarding it, and I can only say, in addition, with reference to it, that the subject is for the present under consideration. We, therefore, make no change except that I have named. The further proposals we make are : Lead manufactures, from 25, to 30 per cent. ; sand paper, from 20, to 25 per cent. ; ships' hulls, when containing machinery, to remain 10 per cent., but the machinery in the hulls to be 25 per cent. This is because we found that under the old arrangement there was really an inducement to people to go to the United States and build a vessel and put in her machinery there, for they could be both brought in at 10 per cent., while machinery brought in separately was subject to a duty of 25 per cent. To spirits and strong waters, mixed, now paying \$1.90, 20 per cent. is to be added. I think this was an omission in the past, because we find, from observation,

that the fluid extracts imported into the country only pay  $12\frac{1}{2}$  per cent., while those who manufacture them in the country have to pay \$1.90 for alcohol used in their manufactory and have no protection whatever. On bags containing fine salt we propose a duty of 25 per cent. At present bags in which fine salt is imported pay no duty whatever; but the manufacturer of fine salt in the Dominion of Canada, if he purchases the cotton bag, has to pay the duty upon it, whatever it may be. Clock springs, now 35 per cent., are to be reduced to 10 per cent. Cotton seed, now 20 per cent. is to be 10 cents per bushel. Fireworks are to be at 25 per cent. Wrought iron tubing, one and three-quarter inch and upwards, is to be reduced from 25 per cent. to 15 per cent. Mustard cake is to be 20 per cent. Paraffin wax or stearine will be placed at 3 cents per pound instead of at an *ad valorem* duty. It has been difficult to arrive at a fair and just valuation, and it is because of that that this change is proposed. Rice, unhulled or paddy, is to be placed at  $17\frac{1}{2}$  per cent.; this is for the purpose of fostering—and it is likely to do it, because there are a number of steamers now chartered—a direct trade between the Dominion of Canada and the East Indies. Besides, there are being erected in Montreal mills where we will obtain a better article at a lower price. The Customs Department officials have found great difficulty in fixing the value of different kinds of fruit trees imported. To overcome these difficulties we propose specific duties in lieu of *ad valorem* duties, as follows: On apple trees,  $2\frac{1}{2}$  cents; pear, 4 cents; plum, 5 cents; cherry, 4 cents; quince,  $2\frac{1}{2}$  cents; grape vines, 4 cents. Silk plush or netting for gloves to be 15 per cent.; harness and leather dressing will be placed under the head of blacking, at 25 per cent.; belts and trusses will come under the head of braces and suspenders. Kentucky jeans are to pay cotton duty. This is because efforts have been made to enter articles of cotton under the head of Kentucky jeans. Knitted cotton cloth we propose shall pay 30 per cent.; black and bleached cotton, three and six cords only,  $12\frac{1}{2}$  per cent. Tarpaulins coated with oil paint or tar, and cotton bags made up by the use of the needle, to pay 30 per cent. A question has arisen in the Department as to what duty shall be imposed upon furs when in certain conditions of dressing. We now propose to add the words “wholly or partially dressed” after the word furs, to meet that difficulty. Bolsters and

pillows have been entered at a lower rate of duty than mattresses. We propose now that the duty on bolsters and pillows shall be the same as upon mattresses. Glass (pressed or moulded) tableware is to be added to the 30 per cent. list. Under the head of paints, the duty on orange mineral, dry, which is much the same article as dry white lead, is to be reduced to 5 per cent. We also propose to add to the list of varnishes, lacquers, Japan and collodium. These changes involve a reduction in taxation, under head of Customs, of \$1,000,000. Now, Mr. Speaker, I may say here a few words with reference to the proposed changes affecting the receipts from Excise. It will be remembered that a change was made with reference to the mode of dealing with home grown tobacco. It required that all parties raising tobacco should have authority from a Government official to do so, but we now propose to remove that restriction, and that all parties shall have the opportunity, and as openly and as freely, without license, to raise tobacco as they have to raise potatoes, as far as Government restrictions are concerned. It is proposed, however, to leave the amount which is collected for twist the same as it now is, and to license parties in different parts of the country, without the payment of any fee, to buy from the producers of tobacco, anywhere and everywhere, whatever surplus they may have for sale, and such parties will sell to the individuals who have the license to manufacture. We propose that for the next two years, instead of 14 cents, as now levied, per pound, 8 cents per pound shall be levied on all tobacco which is grown in the Dominion of Canada, and, for the two years following, 10 cents per pound. This change will probably affect the revenue—although we cannot pronounce exactly on this point—\$50,000 the first year; after that the reduction will probably range from \$50,000, to \$75,000 a year. Then there is another question which has been brought under the consideration of the Government by the commercial men and bankers of Canada. I refer to the legislation requiring stamps on notes and bills of exchange. In the preparation of this Tariff, no special consideration was given to those who are engaged in business except in the way of increased business, and the prompt payment of accounts. We propose to relieve this class of the community of this duty, which has given a revenue of

\$200,000 a year. And, further, the Government have decided to ask Parliament, in the Supplementary Estimates, for \$150,000 to be distributed in the shape of a bounty to the fishermen of the Dominion of Canada, in lieu of the interest on the Fishery Award. This subject, Sir, has been a difficult one, because pressure has been brought to bear by some of the local governments for the payment of the amount of the fishery award to them; but a vote—and a very large vote—of Parliament declared that this should not be done. In consideration, however, of the competition and interference of the American with our own fishermen, it has been considered desirable to give a tonnage bounty to every vessel engaged in the fisheries, and also a certain sum to every boat which is employed in the fisheries and which is licensed for that purpose. And while this will encourage the fishermen of the Dominion and extend our fishing operations—an important industry, the exports of which amount to over six million dollars a year—it is expected that it will increase the building of a certain class of vessels in the Dominion of Canada, such as are to be found in Massachusetts, and constructed especially for this branch of business. Our people go there now—as they have gone every year since the passage of the Washington Treaty, as well as before that treaty was in existence—and to ports elsewhere in the United States, to make arrangements with the owners of the vessels and clippers which are adapted for their purposes to man and sail them on shares, as we have no vessels such as they require; consequently, the step which we propose to take will not only encourage and benefit our fishermen in the prosecution of their occupation, but it will also give a new impetus to the construction of the class of vessels which are required for this special work. Now, Sir, the result is that the propositions which I have just submitted will entail a loss to the revenue from Customs and Excise to the amount of \$1,300,000 a year, while there will be an extra expenditure of \$150,000 for the purpose which I have named. This will, of course, reduce the available means at the disposal of the Government to the extent of \$1,500,000 per annum, and it may do more. Still that may be the limit, though other circumstances may reduce the revenue. We are now having erected three sugar refineries for the manufacture of beet root sugar. This is a business which, so far, has been limited, but still we must not shut our eyes to the fact that the

day is not far distant—and, perhaps, it will occur in the next twelve months—when the revenue which is now received from imported cane sugar will be diminished, owing to the vigorous prosecution of this industry. That this will occasion a loss of revenue ; but at the same time an impetus will be given to a manufacturing industry which will be of especial advantage to the agricultural interest, if it proves a success. And when we bear in mind the fact that we have at present but 180,000 spindles engaged in the manufacture of cotton, and that before the close of the year 1882 we are likely to have 400,000 spindles in operation, the probabilities are that we will not obtain from cotton goods the same amount of revenue which we have received from this source during the past year. The experience of the last three years has shown that where vitality is given to any one of these manufacturing industries we find that the employees, and those who are connected with them, and the parties who import machinery, pay large sums into the revenue—the revenue from machinery alone during the past year amounted to \$120,000—and these restore to the Treasury much of that which is lost in duties on articles manufactured ; but still, as these industries increase and multiply, the imports of some of these articles must necessarily decrease. Still, we may fairly consider that, under the operation of these proposed changes, and under the operation of the increase in the manufacturing industries of the country, we may have available \$1,750,000 less during the next year than we will have during the present year.

#### ESTIMATED REVENUE AND EXPENDITURE FOR NEXT YEAR.

Now, Sir, I desire to come to the estimate, with these changes in view, of the expenditure and the estimated revenue of next year. It is estimated that the Customs will yield next year, instead of \$20,500,000, which is the estimate for this year, the sum of \$19,500,000 ; from Excise, \$5,500,000 ; from the Post Office, \$1,500,000 ; railways and canals, \$2,500,000 ; interest on investments, \$700,000 ; and miscellaneous, \$900,000, making a total of \$30,600,000. The expenditure, according to the Estimates which are now laid on the Table of the House, will be \$27,300,000, or somewhere in that neighbourhood. The vote that will be asked, in the Supplementary Estimates, as bounty to the fishermen, will be \$150,000, and there will probably be further

Supplementary Estimates amounting also to \$150,000, making the gross Estimates, \$27,600,000 for next year. The items in which the expenditure is increased are those which are placed in the Supplementary Estimates for the present year, the Indians, the postal service, railways, and various other services, and this will leave a surplus of \$3,000,000. I have not taken into account the probable receipt of a very much larger sum from the proceeds of lands to be sold in the North-West likely to be received during the present year. The estimate of receipts, from all sources, under the head of miscellaneous last year was something like \$800,000. They are estimated this year at \$900,000, and I have continued that estimate for the next year, but there is every indication, and it is quite within the range, not of possibility, but of probability, that if the Government feel that they can reserve a sufficient amount of land in the districts of the country that will be required for actual settlement the Government may be able to sell for cash, without interfering with the principle of actual settlement, a large quantity of land, and a very large revenue will be received from it. I have placed, however, in this estimate nothing more than the ordinary sum expected to be received during the current year. It will be seen that we have to provide a very large sum for expenditure under the head of Capital Account. For instance, the Minister of Railways has asked \$3,200,000, as subsidy to the Pacific Railway Syndicate during the next year. That is based upon their own statement of the work they expect to perform. I rather think that an outside estimate, but, at all events, whatever money may be required to pay to the Syndicate under the terms of the agreement will be received by the Government from the sales of the land grant bonds, and therefore we will not require to go outside for any loan for the purpose of meeting whatever that expenditure may be. What is more, the hon. Minister of Railways and the hon. Minister of Public Works claim that they will expend, on the Pacific Railway now under contract, in the completion of the sections between the head of Lake Superior and Manitoba, on the British Columbia section, on the canals and on other Public Works chargeable to capital, \$9,000,000; and in addition we will have to redeem \$7,340,000. I should not say have to redeem, we will redeem—we are not bound to redeem—\$5,000,000 of

it, bearing 5 per cent. interest, but we have given notice to the holders of those \$5,000,000 of 5 per cent. securities that we will redeem them in September next; and \$2,340,000 of 6 per cent. debentures fall due in England; making altogether \$16,340,000 that we will have to provide for outside of the sums to be paid to the Syndicate, and for which we have now on deposit on interest in the bank \$5,000,000. We have an estimated surplus for the next year of \$3,000,000; an estimated Savings Bank deposit of \$4,000,000; we have an estimate of \$1,000,000 increase in circulation of Dominion notes, leaving but \$3,500,000 to be raised either by the exchange of 4 per cent. bonds for the fives to that amount or the issuing, in Canada, of a loan at 4 per cent. for the \$3,500,000. We will provide for \$8,150,000 last year, \$12,000,000 this year, and \$16,000,000 for next year, without floating a loan outside of the Dominion of Canada, or any loan, indeed, except the amount received from the earnings of the people of Canada. It is a striking fact, to which I wish just here to call the attention of the House, that the amount that is now being paid into the savings banks of the Dominion of Canada every month is nearly \$400,000 over and above the sums withdrawn, and has been so for the last three years. It is an important fact that I am able to state here that in the three years and four months ending on the 1st February there were deposited in the savings banks and in the Post Office Savings Banks of Canada, notwithstanding that the Government did not want all this money, and had indeed made regulations by which the amount to be received in the savings banks from one depositor should be reduced from \$10,000 to \$3,000, that no interest should be paid for the month in which the money was deposited or withdrawn, so as really to discourage deposits—that notwithstanding that, the amount of deposits in the three years and four months in these institutions has increased over and above the sums withdrawn \$10,000,000 and upwards, and in the banks of the country they have increased during the same period \$26,000,000 and upwards, making an increase in deposits of the earnings of the people of this country in the banks of the Dominion and the savings banks in that time of \$36,000,000 and upwards. And this while we are investing in manufactories and other industries of the country large sums of money, while we are sending our money to

Manitoba and the North-West and investing it there, while the people of Canada have invested in the last three months \$3,000,000 in the bonds of the Canadian Pacific Railway ; still, notwithstanding this increased demand, we find that deposits have increased in that period to over \$36,000,000. No better evidence could be given of the prosperity of the country than this, and I say, and I hope to prove it before I get through, that this is largely due, as I stated at the outset, to the policy, the National Policy, which was adopted in 1879.

OPPOSITION PREDICTIONS CONCERNING NATIONAL POLICY.

Now, Sir, I know that in dealing with figures the subject is a rather dry one, and I have not, perhaps, made myself as clear as I would desire ; but, having stated briefly the expenditure for the last year, and income; the expenditure and estimated income for the current year; and the probable income and expenditure for the next year—I desire to say a few words with reference to the predictions that were made on the opposite side of the House when this policy was introduced. I think, if my memory serves me, that all of them have failed, and utterly failed. Now, Sir, I proceed to submit testimony in justification of my statement. I know it is a strong statement. It is going a great length to say that they have all failed. They certainly have failed to a very great extent, and I may say, and I repeat, that practically they have all failed. What were the statements that were made when this policy was introduced? One of them was, that it was calculated to interfere with the trade between the Dominion of Canada and Great Britain, that the policy was one that was in the interest of the United States rather than that of Great Britain, and therefore the feeling in the parent land would be one of great dissatisfaction with the Dominion of Canada, and the result would be damaging to our credit. Sir, time solves many questions, and it has solved this. I have in my hand a comparative statement—I have selected the year 1877, because the imports for consumption are nearer in that year to that of 1881 than that of any other year I could find under the old Tariff—from which I find that the gross imports for consumption in 1876-77 were \$93,300,483. Deduct from that the United States broadstuffs exported, to the value of \$4,562,000, included in the imports for consumption, and leaves a balance of \$91,737,740. The

imports from Great Britain in that year were \$39,572,239, or 43 per cent. of the whole imports ; from the United States, \$46,746,736, or 51 per cent., and from other countries, \$5,418,765, or 6 per cent. In 1881, the imports from Great Britain were \$43,583,808, or 48½ per cent. of the whole, against 43 per cent. in 1876-77 ; from the United States, \$36,704,112, or 40 per cent., against 51 per cent. in 1876-77 ; and from other countries, \$11,323,684, or 11½ per cent. ; making a total of \$91,611,604, against \$91,737,740, in 1876-77. These figures show an increase of imports from Great Britain of \$4,011,569, a decrease of imports from the United States of \$10,042,624, and an increase of imports from other countries of \$5,904,916. Now, Sir, that establishes most clearly and agrees with the evidence submitted at the last session of Parliament, that there has been a very large relative increase in the imports from Great Britain during the two years over those from the United States. It was stated by the Government in 1879 that such would be the case, because the manufactories that the Government expected to establish in Canada by means of the Tariff were those the products of which we had previously largely imported from the United States. It was not with any ill feeling towards our neighbours that this Tariff was established ; but we were naturally gratified when we found that the policy we had introduced to give additional employment to our own people would interfere less with the industries and interests of Great Britain than with those of the United States. Such has been the result, and we thus have the answer to the fear that was expressed that the Tariff in its operation would effect our trade with Great Britain more than with the United States. Sir, there was another statement made ; it was, that under the operation of a Tariff that imposed a duty upon breadstuffs the forwarding trade between the United States and Europe *via* the St. Lawrence would be diminished. Well, I was able last Session to bring most conclusive evidence to show that it had not produced that effect.

Mr. MACKENZIE.—What about last season ?

Sir LEONARD TILLEY.—I am going to give you the figures for three years, and I will also speak of last season.

Mr. MACKENZIE.—Give us last season.

Sir LEONARD TILLEY.—I quote from the Trade and Navigation Returns for the last five years, and I will show that it was not the Tariff that caused the reduction last season. In 1876-77, converting flour into bushels of grain, the amount of foreign grain exported from Canada was 6,565,154 bushels; in 1877-78, the exports were 8,521,590 bushels; in 1878-79, they were 8,777,380 bushels; in 1879-80, 11,808,049 bushels; and in 1880-81, 12,143,720 bushels, or for the three years, from 1876 to 1879, an average of 7,954,711 bushels, before the difficulties said to be raised by the Tariff could have existed, while in the two years after the duty was imposed upon breadstuffs the average was 11,975,000 bushels. Now, my hon. friend (Mr. Mackenzie) asks what about last season. After the opening of navigation—or after July—there was a falling off, but what was the cause of it? There was a decreased export from the United States ports during that period. At New York there was a falling off of 22 per cent., Baltimore about 24 per cent., Philadelphia 40 per cent., and Boston, which was the lowest, I think, something like 16 per cent. More than that, there was what seldom occurs. There was a ring which had been in existence for two years by which the grain trade of Chicago was controlled, and which kept up prices, and this ring stipulated with the railway companies, such was the competition among the roads, for largely reduced rates, which had the effect of sending the trade by way of New York rather than by the St. Lawrence. It was to these exceptional circumstances, especially the reduction of the exports of United States grain, that the falling off of nearly 32 per cent. as compared with the previous year was due. It was not due to the fact that the produce of the United States had to be passed through in bond and shipped in bond at the different ports of the Dominion. I give these figures to show that the fear expressed by our friends opposite that the St. Lawrence trade would be diminished by the change in the fiscal policy has not been realized. Now, Sir, the next objection raised by hon. gentlemen opposite was, in their own language, the Tariff would dismember the Union. How was it to dismember the Union? Because, as they alleged, that the imposition of the new Tariff would increase the taxation of certain of the smaller Provinces, and that they would be knocking at the doors of the Dominion demanding to be relieved of the burdens imposed upon them by the

operations of that tariff or permission to withdraw from the Union. Let us place together for purposes of comparison the two Provinces of Quebec and Ontario—for a large portion of the goods consumed in Ontario are entered at the Port of Montreal,—and place together the Provinces of New Brunswick and Nova Scotia, because New Brunswick receives from the western portion of Nova Scotia a large part of her natural products, while the merchants of St. John supply largely the merchants of the western part of Nova Scotia, the revenue being collected in New Brunswick, and paid by the consumer in Nova Scotia. If you take these two Provinces together, and the Provinces of Ontario and Quebec together, what do we find? That under the Tariff of the hon. gentlemen opposite there was collected  $14\frac{1}{2}$  cents per head for Customs in Nova Scotia and New Brunswick during these five years more than was collected from the people of Ontario and Quebec. Now take up the last Trade Returns, and see what is the operation of the new Tariff as far as the people of those Provinces are concerned, and you will find the difference in the last two years is that, instead of being  $14\frac{1}{2}$  cents in excess, it is largely below the amount that has been paid by Ontario and Quebec. The hon. member opposite (Mr. Anglin) claps his hands, and I am very glad he is pleased with such results. We must take into consideration that in 1879-80 the population of Nova Scotia and New Brunswick paid into the Treasury a considerable sum of money in the shape of duty on the sugar they consumed, but refined in Montreal, but, during the present year, that has been reversed, and the tables will show from this time forward that the refiners of Nova Scotia and those of New Brunswick will pay to the Customs officials of those two Provinces a large sum of money on goods consumed in Ontario and Quebec, and, therefore, making every allowance for the duties that would have been paid by the people of the Lower Provinces upon the articles that are purchased that will be from Ontario and Quebec, it will be found that this Tariff, instead of having an injurious effect upon Nova Scotia and New Brunswick, has had a beneficial effect in reducing the comparative taxation, and it has had a still more beneficial effect upon the Province of Prince Edward Island. It will be found that, if any section has to complain, it is not the smaller Provinces, and on behalf of whom the sympathies of this House were

invoked ; for the practical effect has been a comparative reduction rather than an increase of their taxation under the operation of this Tariff.

#### THE DUTY ON COAL.

Then, Sir, we were told that this Tariff would be oppressive to a certain section of the Dominion of Canada by the imposition of a duty on coal, while it would do no good whatever to Nova Scotia or other portions of the Dominion where there are large coal deposits. When I was asked by an hon. member opposite in 1879 what increase of the consumption or what demand the Government expected to create for Nova Scotia coal by the operation of the Tariff, I stated that probably within a short time the consumption of Nova Scotia coal in the Dominion of Canada would increase to the extent of 400,000 tons.

Mr. ANGLIN.—And displace American coal to that extent.

Sir LEONARD TILLEY.—Yes, I did ; “to a very large extent” I said ; or, if it will please the hon. gentleman more, I will say “to that extent.” I did not suppose Mr. Speaker, sanguine as I was with reference to the effect of this Tariff, that in three years, by the increased industries and by the increased demand for steam power, it would make a demand which would require over 400,000 tons to meet it ; but we find that these industries have been growing up all over the country to such an extent that it has required more than 400,000 tons more from the Nova Scotia miners, and has also caused a largely increased amount to be imported from the United States as well.

Mr. MACKENZIE.—Will the hon. gentleman state where that coal was distributed in the other Provinces ?

Sir LEONARD TILLEY.—I cannot now say where, but I know some of it reached Cobourg.

Mr. MACKENZIE.—How much ?

Sir LEONARD TILLEY.—I know that, because I saw it going into a factory there. It was 800 tons I think they told me they had purchased from Nova Scotia, and I heard that some Nova Scotia coal was furnished to a factory in Kingston, and it was declared to be the cheapest coal for steam purposes ; and at Guelph, also, I am told there was some consumed. But there is this on record ; that in 1877, 757,000 tons of coal was raised in the mines of Nova Scotia ; in 1878, 770,603 tons ; in 1879, 788,271 tons, in 1880, 1,032,710 tons ; and in 1881,

1,116,248 tons; and to be added to that, there was in British Columbia 214,243 tons, against 145,542 tons in 1878, or a total of 916,145 tons in 1878, against a production in 1881 of 1,333,391 tons, being an increase of 417,246 tons per annum.

Mr. MACKENZIE.—Will the hon. gentleman now state the amount of export in each of those years?

Sir LEONARD TILLEY.—To the United States it was just about the same.

Mr. MACKENZIE.—To all quarters?

Sir LEONARD TILLEY.—It is just about the same, leaving the consumption in the Dominion of Canada, increased by that proportion, 400,000 tons.

Mr. BUNSTER.—Mr. Speaker, might I——

Some hon. MEMBERS.—Order.

Mr. SPEAKER.—Order.

Mr. BUNSTER.—I have a right to put the Finance Minister right. Were it not for the absence of the Island Railway we would have had over a million tons of an increase.

Sir LEONARD TILLEY.—It only shows what is in store for us then.

#### THE SUGAR TRADE.

There was another very grave objection brought to this policy, and that was, that when we imposed an additional duty upon sugar refined in any country that granted a bounty—that is, when we provided that on the importation of sugar from any country that granted a bounty the *ad valorem* duty should be levied on the duty paid value of such sugar, and when we increase the duty on raw sugar 5 per cent., and the duty on refined sugar 10 per cent.—hon. gentlemen opposite said this was an outrageous proceeding, that the loss to the Dominion of Canada might be counted at least by a million of dollars—\$900,000 to \$1,000,000—and it would be better, said our friends of the Opposition, to take all the men that would be employed in these refineries proposed to be put into operation and board them at a hotel and pay their bill than to introduce this policy. Now, what are the facts that have developed during these last few years? Last year, I think, or the year before, the ex-Finance Minister intimated that we would lose \$900,000 of revenue;

and the leader of the Opposition stated here, and at a public dinner in Toronto, that under the operation of this policy we lost during the years 1879-80 \$600,000 of revenue, and that the people of Canada paid \$600,000 in increased price for the sugar which they consumed, so that the sugar monopoly, as he termed it, cost the people of the Dominion of Canada \$1,200,000 a year. I stated in my place in the House last Session in answer to that hon. gentleman, when he said a loss of \$600,000 revenue had taken place, that the returns laid on the Table perhaps justified the hon. gentleman in making the statement, because they showed that, in the year 1880, there had been \$600,000 less of revenue collected from sugar than in 1879; but I pointed out that the revenue collected in 1879 was \$300,000 more than it would have been if they had not imported in January, February and March, before the Tariff was changed, \$1,000,000 worth of sugar more than they usually imported in these three months; so that there would not have been an apparent loss of \$600,000 if the \$300,000 had been credited to that year; and, further, that from the returns laid on the Table of the revenue collected for the first six months of that fiscal year it was clear that the revenue to be received during that year would be equal to, if not above, that collected in any previous year. What has been the result? The figures that I am now quoting can be found in the Trade and Navigation Returns, and they show this: that during the last year we paid into the Treasury for duties on sugar \$154,910 more than the average for the five years previous and under the Tariff of the hon. gentlemen opposite, justifying the statement I made, and showing that as far as the present tariff is concerned there is no loss, or comparatively no loss, of revenue, because if we add \$800,000 to the value of the sugar imported—and that \$800,000 is represented by freight from the West Indies, the labour in the refineries, coal consumed, interest on capital and other expenditures—and you add 43 per cent., the rate of duty collected in the year 1876-77 on the sugar imported, with the sums named added, then it would only give \$40,000 more than we collected last year. There is the fact that \$154,000 more were received during the last year than the average of the five years previous; so much with regard to the anticipated loss of revenue. A few words with respect to the cost of sugar to the consumer. When I

made the financial statement last year, I had obtained from reliable sources a return showing the comparative prices in New York and Montreal, when we had but two refineries in operation. I stated that as far as the prices of granulated sugar were concerned it appeared that those paid by the consumers in the Dominion were 25 cents per 100 lbs. more than they would have been if the sugars had been imported under the Tariff of 1877-78 ; but I might have added, as I propose to add now, that that calculation did not take into account the profits of importers, the middlemen between the New York refiners and the men who bought and sold the sugar here. Still, I admit that as regards granulated sugar, omitting the profits of the middlemen, there was the difference of 25 cents per 100 lbs, the yellow refined sugars being much less than it could have been imported for under the Tariff of 1877. I have now a carefully prepared return showing the values during two periods in each month in New York and Montreal, deducting the drawback and adding 30 cents per cwt. as the expense of importation ; this calculation does not include 50 cents per cwt. profit on transactions between the New York refiner and the Canadian consumers ; giving the consumers the benefit of that also, there was still 7 cents less charged to the people of Canada on that line of sugar than if it had been imported from New York under the old Tariff ; adding the profits of the middlemen, the saving was 57 cents per 100 lbs. ; and, with respect to other refined sugars, the difference was much greater. As far as the revenue is concerned, there has been no loss, and \$800,000 were probably expended in Canada in refining sugars, in freights, and in cost of coal. What have we in return ? I explained this very fully last year, and showed what the effect of establishing refineries had been. There are now employed 1,000 hands in the cane sugar refineries, or 1,100, including those connected with the beet root sugar industry. Those men, most of whom have families, require food, clothing, tenements, and everything that the merchants, manufacturers, and farmers supply ; those men are employed in this country at remunerative wages, whereas they would have removed to another country if it had not been for the policy that rebuilt those industries and placed them in motion. Then we have 400,000 tons of coal raised from the mines of Nova Scotia, giving employment to, perhaps, 1,000 men additional—

60,000 tons of the 400,000 tons increase in the production of the Nova Scotia mines being used in the refining of sugar. Thus employment was given to the miners, a market was afforded to the coal owners, business was provided for vessels and railways, 60,000 tons of vessels being employed in conveying raw sugar from the West Indies to different ports of the Dominion, something like 90 per cent. of the whole coming direct to Canada, instead of 6 per cent. as in 1878. Employment was also given to coopers, and, in one section of the country I visited, the timber on the land had increased in value because of the demand for the particular wood used for sugar casks. Everywhere, in the extension of trade, increased machinery was required and in operation, and additional employment was given to the people. Hon. gentlemen opposite are aware that one of the refineries has not, so far, been a financial success; if it had not been for that the Moncton refinery would have been quoted as paying enormous profits. It will, however, give the ex-Finance Minister the opportunity of repeating that all those establishments will become failures when by their increase competition becomes keen, and loss would accrue to those engaged in them. If our policy stood alone on this question of sugar refining, which is announced as a huge monopoly, I hold that the facts I have given afford an answer to the statement and the fears expressed with respect to this matter. Now, Sir, it was alleged that this Tariff would fail either as a revenue producing Tariff or as a protective tariff. What evidence have we that hon. gentlemen opposite were mistaken on that point? There are various ways of ascertaining the increase of industries as the effect of the Tariff. The one which I will now present is to show how the quantity of raw material consumed by manufacturers has increased since the adoption of this Tariff.

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

### AFTER RECESS.

Mr. MACKENZIE.—Before the hon. gentleman proceeds, I would like to ask him whether the \$150,000 proposed to be taken as bounties for fishermen is merely a grant for this year, or whether it is proposed to ask a similar grant every year.

Sir LEONARD TILLEY.—It is not proposed to provide for it by Act of Parliament, but to ask an appropriation year by year. When the House took recess, I was calling the attention of hon. members to some facts to prove that the fears entertained by some hon. gentlemen of the Opposition that this policy would not increase the number of industries in the country or give additional employment to manufactories.

#### RAW COTTON, HIDES AND WOOL.

I will take up first the increased imports of the following raw materials used in manufactures, namely: raw cotton, hides and wool. These three articles, especially cotton, because there is none produced in the country, give a very fair idea of the increased value of the manufactures. The raw cottons imported in 1877-78 amounted to 7,243,413 pounds; in 1880-81, 16,018,721 pounds, or an increase of more than double in the three years. Hides imported in 1877-78 amounted in value to \$1,207,300; in 1880-81, to \$2,184,884, or nearly double. Wool imported in 1877-78 was 6,230,034 pounds; in 1880-81, 8,040,287 pounds. Wool exported in 1877-78 amounted to 2,445,893 pounds; in 1880-81, 1,404,123 pounds, giving an increase of imports of 1,810,000 pounds and a decrease of exports, which shows that there was a consumption in 1880-81 of Canadian wool over that of 1878 of 1,041,770 pounds, thus making an increase on the consumption of wool between the two periods of 2,851,973 pounds. The increased value of cotton, leather and woollen manufactures for the year 1881, as compared with 1878, therefore exceed \$5,500,000 on these three articles alone.

#### NEW FACTORIES ESTABLISHED.

Now, let us see what facts we have been able to gather with reference to the new factories established, and the number of persons employed. I will deal with the general statement first, and then with one or two different localities, showing the improvement that has been produced there by the operation of this Tariff. I have statements with reference to wages, but I will take the number of persons employed first. Upon a very partial investigation, because it only extended over a portion of the Dominion, we ascertained that there have been ninety-five new factories established down to October last, since March, 1879, employing

7,025 hands. The cotton factories that are now in course of construction, and will probably be completed within twelve months, will employ 3,000 hands in addition to those I have already mentioned. 440 odd factories visited and that were in operation in 1878, less the ninety-five that I have named as being established since 1878, show an increase of employees varying from 5 to 30 per cent. and with an average of 17 per cent. in these 350 odd factories. That 17 per cent. on the number of employees, as far as we can gather from the Census of 1871, and making an allowance for reduction in the number employed between 1871 and 1878, would give 17,850, making 24,875 as the increase of employees since 1878. I will take as an illustration of the effect of the Tariff one of the cities of the Dominion, to show what its operations have been—I refer to the City of Hamilton, that ambitious city represented by my hon. friend on the right (Mr. Robertson). This is a statement made up by the immigration agent of that city, and, if my memory serves me, this is the gentleman who sent a return to a member of a Local Government with reference to the employment of men in the industries of that city, but it was not embodied in the statement made in the report of that official.

An hon. MEMBER.—It was irrelevant.

Sir LEONARD TILLEY.—It may be, but it strikes me it would be of some importance by way of making public the facts contained in this paper and to show there was employment for immigrants in that locality. Now, we find that in 1881 the value of buildings occupied in that city as factories at that date was \$1,074,100. I have the answers from the different parties communicated with that have been furnished to the Minister of Agriculture by the immigration agent there. In 1878 the value of the buildings occupied as factories in the City of Hamilton was \$705,200, an increase of \$368,900, or a rate of 51 per cent. The value of plant in 1881 was \$1,174,750; in 1878, \$538,100, showing a difference of \$636,650, or an increase of 113 per cent. The value of goods manufactured in 1881—and I wish the House to give particular attention to this—the value of goods manufactured in that city alone in 1881 was \$7,478,700; in 1878 it was \$3,857,000, making an increase of \$3,621,700, or 94 per cent. The number of hands employed in 1881 was 9,054, and in 1878,

as it is given here, 3,708, showing an increase of 4,351, or 117 per cent., as between 1878 and 1881. The average rate of wages per head in 1881 was \$1.17½; in 1878, \$1.07¼, or an increase of 9¼ per cent., or 10¼ cents per head. The number of workshops and factories in 1881 was 78; in 1878 it was 57, an increase of 37 per cent. In 1878, 33 workshops were running full time, and 24 short time. In 1881, workshops running short time, 1; full time, 56; overtime, 21; making 78 in all. This is my statement with reference to one particular town. An hon. member on the Opposition Benches—an hon. member from my own Province—speaking of the effect of the Tariff the Session before last, said there was one thing it was expected this Tariff would do, and that was to increase the wages, but it had not increased them. I have a statement here from 460 factories, to show the rate of wages as compared with 1878. The wages in 135 of the factories out of 460 visited remained the same as in 1878, but were nearly all working on full time, while formerly many were on short time. Fifty of the new factories started at such wages and no change was deemed necessary. In 277 factories the wages have been increased from 5 to 35 per cent. The rate of wages generally throughout the Dominion, we all know, has been considerably increased; that settles, I think, the question of wages.

Mr. PATERSON (South Brant).—How do they compare with wages in the United States?

Sir LEONARD TILLEY.—I know, Mr. Speaker, that we have been obliged to send to the United States to obtain men for our factories and to pay more in some cases than they have to pay there.

Mr. PATERSON.—Do you have a tax on the labour coming in?

Sir LEONARD TILLEY.—No; we have no tax on the labour coming in; we give them the encouragement that the hon. member complimented his leader upon giving some years ago when they increased the duty on cigars, when that hon. gentleman rose in his place and complimented the then Finance Minister with increasing the duty on cigars; he said it had brought thousands into the country, and it was just the policy to pursue. That is the kind of protection we are extending, and we hope he will give us his support.

Mr. PATERSON.—The quotation is not correct, that is all the trouble.

Sir LEONARD TILLEY.—Then I stand corrected. I have read it somewhere and I have not seen it contradicted.

Mr. PATERSON.—It was a figure of speech.

Sir LEONARD TILLEY.—The *Hansard* has just been put in my hand, and I have no doubt the report of his speech passed through the hands of the hon. gentleman before it appeared in the *Hansard*.

Mr. PATERSON.—This was a figure of speech, I said.

Sir LEONARD TILLEY.—But let us see, Mr. Speaker, who made this speech. I find that it was made by Mr. Paterson, and I am quite sure it was not my hon. friend behind me (Mr. Patterson, Essex). He says :—

“The other year the Finance Minister, in revising the Tariff, gave some encouragement to our industry which it never had before. The result was that a thousand men who were engaged in that industry in Germany were literally transported by the change in the Tariff to Canada, and set to work here. The cost of the article was not increased one iota and Canada got all the benefit. The middlemen suffered a diminution of profits; but for them nobody seems to care much, the producer and consumer receiving all the sympathy.”

Now, then, I tell my hon. friend—

Mr. PATERSON.—I do not repudiate that yet. I said figuratively at that time that those men were not wrong.

Sir LEONARD TILLEY.—I now come, Mr. Speaker, to another statement that has been made by hon. gentlemen opposite; but before I do so, in order to make my answer more complete than it would otherwise be, I desire to refer for a short time to the cost of the manufactures of the Dominion of Canada to the consumer compared with what they were in 1878. And I trust I may be able to use as strong language, or language very similar to that employed by my hon. friend from South Brant—that the result of the increase in the Tariff had not been to increase the cost of the article to the consumer. I take up, in the first place, cotton goods, because I know that in the Maritime Provinces as well as in the west, but especially the Maritime Provinces, great stress was laid on the increased cost of cotton goods as well as the increased cost of woollen goods, especially of the coarser classes. I

stated last Session the prices of grey and white cottons and brown sheetings, but I have here a statement showing that brown sheeting and bleached shirtings manufactured in the Dominion were sold at from 5 to  $7\frac{1}{2}$  per cent. over the net cost price of the same articles in the United States, or 10 per cent. less than the price at which they would sell under the Tariff of 1877-78. That is to say, that, with reference to this particular description of cotton goods manufactured in the Dominion of Canada, they are sold to-day at a lower price than they were sold under the old Tariff. I have here a statement from Mr. Parks, of the City of St. John, with reference to ball knitting cotton, manufactured and sold by him at  $39\frac{6}{10}$  cents per pound, delivered in Montreal, Toronto, London or Hamilton, while the net price of the same article in the United States is 40 cents per pound. I have in my possession the letters written to, and the answers written by, men engaged in this manufacture in Massachusetts, and they state their lowest net prices. Therefore, the consumer of this description of cotton goods has them  $17\frac{1}{2}$  per cent. less than they had them in 1878. With reference to cotton yarns, number 7 to number 10, in the United States in 1878 they were  $30\frac{7}{10}$  cents per pound, the raw cotton being 10 cents per pound. The same articles are manufactured by Parks, and they are sold in 1882 for  $22\frac{5}{10}$  cents, the raw cotton being 12 cents per pound. There was an increase of price in this case of  $1\frac{8}{10}$  cents per pound on the manufactured article, against an increase of 2 cents per pound on the raw material. Carpet warps sold in the United States in 1878 at  $22\frac{5}{10}$  cents per pound, while the same article is sold by Parks in 1882, at  $24\frac{3}{10}$  cents per pound, the increase being  $1\frac{8}{10}$  cents per pound, against an increase in the price of the raw material of 2 cents, showing that the price was not really in excess of what it cost in 1878. Beam warps, number 10, were  $28\frac{5}{10}$  cents per pound in the United States, while in New Brunswick in 1882 they were  $31\frac{2}{10}$ , an increase of  $2\frac{7}{10}$  cents, against an increase of 2 cents per pound on the raw cotton. Beam warps, in January, 1882, in the United States were  $30\frac{0}{100}$  cents per pound net, while the price in New Brunswick was  $31\frac{2}{100}$  cents per pound net, or less than 2 per cent. above the United States prices. These figures show that so far as this particular class of cotton goods is concerned they are sold to the consumer at a less price than in 1878.

and many of the articles are sold at the American prices, or a fraction under or a fraction over them. I may add that it was not to be expected that the prices would be as low for the first year or two as they will be when competition is established. Take, for example, the year before last, when we had but two sugar refineries—those in Montreal—and look at the result which has followed upon the establishment of three others in the Maritime Provinces. A year ago I had to admit, on the face of the paper submitted to me, that 25 cents per hundred more was paid for sugar than under the Tariff of 1878. This did not include the charges by the middlemen. Now we can state emphatically that the price is less to the consumer than if it had been imported under the Tariff of 1878. And I firmly believe that the competition in cost on cotton manufactures in twelve months, when we shall have 400,000 spindles instead of 180,000 which we have now, will produce such a result that there will be little difference in the prices here of any description of such goods and the prices in the United States. What our manufacturers say is, “we can manufacture here as cheaply as in the United States, but we want the market. We are preparing for the sharpest competition, and we do not fear our friends on the other side of the line if we have the home market, and the competition among ourselves will keep the prices down to the consumer.” This is an important subject; the leader of the Opposition referred to it, and, in order to make the people in the Maritime Provinces see the effect of this Tariff as he sees it, said that if a farmer visited one of the dry goods stores and bought a dress for his wife he would have to send out of the nine or twelve yards he would buy three or four yards up to Ottawa. One farmer who was present said “that is not true, because I take what I buy home to my wife. I send none to Ottawa.” However, he was speaking figuratively, like my hon. friend from Brant. Many gentlemen and some ladies who were present at his meetings said that the main point made by him against the Tariff was with reference to woollen goods. He said that the poor man would be compelled to pay 40 per cent. duty and upwards, and the rich man but 25 or 27 per cent. I have taken some pains to write to parties who could furnish me with reliable information with reference to the price of woollen goods; and

a gentleman sent to me, at the request of a friend, a letter, of which he authorized me to make any use I thought proper. I stated to the gentleman, to whom I wrote among others, that I wished reliable data—data that could not be shaken by any statements of fact that could be produced in the House—because we wanted nothing but the facts, and if the manufacturers were getting large profits it was just as well that we should know it, and deal with the facts as we found them. This letter I received from Cantlie, Ewan & Co., of Montreal, who I believe have been for years engaged in selling woollen goods. It has reference to the price and nature of certain descriptions of woollen goods made in Canada, compared with the prices of the same goods previous to the change in the Tariff. It is as follows :—

“1st. *Etoffes*, tweeds and fabrics made from Canada wools, and used chiefly by farmers, labourers, saantymen, and mechanics in country districts, are as low in price now as at any time during ten years previous to 1878. This refers to regular sales. No doubt during the very severe depression special lines may have been sold at a concession to force sales, but the average price of such goods for 1880 1881 and 1882 is lower than the average of ten years previous to 1878.

“2nd. Medium and fine wool fabrics made exclusively from imported wools, and used by farmers, mechanics in cities and towns, and by the large mass of the population, were in 1880 and 1881, and are now selling for 1882, at lower prices than at any previous time since these goods were made in Canada.

“The goods now made in Canada from fine and medium wools have improved very much in character as to fabric, colour and finish, and ought on this account to bring more money instead of less.

“3rd. Flannels are now as low in price as at any time during the past fourteen years, except for a short time during 1877 and 1878, when, under the pressure of hard times, a break in price took place by the largest manufacturer of such goods attempting to run out the smaller makers. This failed, and the price has since been steady. No advance has taken place, although wool supplies and wages all have advanced very considerably.

“4th. Blankets are as low in price now as they were any time during ten years previous to 1878. During 1880 they were lower in price than at any former time in Canada. Our Canadian wools were then very low in price, about 21 cents per lb.; since then wool suitable for blankets has averaged not less than 29 cents to 30 cents, and blankets have advanced in consequence. For last year and this present year prices are as low as any year since 1869. Being compelled by foreign competition to give up making blankets for 1875, 1876, 1877, 1878, have no record of prices for these four years.”

Mr. Speaker, that speaks strongly with reference to the price and value of the goods made in the Dominion of Canada largely from wool grown in Canada, and consumed by the masses of the people of Canada ; and, as I stated in the early part of my speech, while the masses of the people have been buying their woollen goods at prices as low as they were before the change of the Tariff, it will be found by reference to the trade returns that we received \$411,000 more from the finer descriptions of woollen goods worn by the wealthier people than we did the year previous, and an average of from  $7\frac{1}{2}$  to 9 per cent. duty more than we did in 1878 from the consumers of the finer goods, showing clearly that, instead of the rich man getting his clothing cheaper and the poor man paying more as a rule, the poor man gets his clothing as cheap or cheaper than he did before, while the rich man has paid from 7 to 10 per cent. additional duty.

Mr. MILLS.—Then Canada never was a sacrifice market.

Sir LEONARD TILLEY.—Yes, it was ; that was the trouble. I asked one of the manufacturers, 'How is that, although wages are higher, prices are lower ?' He said to me : "The fact is, we used to have to spend a large sum in employing runners to go throughout the country to make sales ; we lost a large amount of interest on the stocks we had in hand and could not sell, in spite of this increased expense ; but now we have doubled our production, have orders ahead, our expenses of management have not increased, and we can sell at smaller profits than we could before, and yet in consequence of the increased production we have larger profits at the end of the year." Thus we see that while we are building up these industries the people are getting cheaper goods and the manufacturers are making more money than they were before. Now, Sir, as I have dealt with the cotton and woollen goods worn by the masses of the people, I thought I would like to know how the case was with reference to the hats and caps made out of coarse woollen goods, felts, and other materials ; and I addressed a letter to a gentleman in Montreal largely engaged in the manufacture of these articles—a gentleman who is, I believe, known to many hon. members of this House—Mr. E. K. Green. He, among others, sent me a reply, and which he said I might make whatever use of I pleased ; and as he speaks very strongly and decidedly with respect to the effect of this

policy on prices I give him as an authority on the subject. I know he is a somewhat prominent man in the City of Montreal.

Mr. MACKENZIE.—A prominent Protectionist.

Sir LEONARD TILLEY.—Yes; and he was I believe, a supporter of hon. gentlemen opposite at one time.

Mr. MACKENZIE.—He is yet.

Sir LEONARD TILLEY.—Then, Sir, I present the testimony of a gentleman who sympathises with hon. gentlemen on the opposite side of the House, and who, under these circumstances, would not except for the National Policy maintain this Government in power.

Mr. MACKENZIE.—The hon. gentleman is not fair. I said he is a decided Protectionist.

Sir LEONARD TILLEY.—Exactly so. Then he could not have had any political object in writing a letter like this. I said: "I believe you are engaged in the manufacture of hats and caps, and that class of material," the relative cost of which to the consumer I had not up to that time received any information about. I was under the impression that some caps, made from the coarse woollen goods, cost a little more, and I was anxious to get information on the subject, so I wrote to him.

Mr. MACKENZIE.—What is the duty on hats and caps?

Sir LEONARD TILLEY.—Twenty-five per cent. His reply was as follows:—

"HAMILTON, February 3<sup>d</sup>, 1882.

"I have gone over and carefully compared the prices of the various lines of caps and felt hats manufactured by us in 1878 and 1881, and I find as the result of my investigation that the average selling price of our goods during the past year has been lower than in 1878, for the same class of goods. This is the case not only in those lines of goods on which the advance of duty has been slight, but also applies to those coarse, heavy woollens on which the duty has been considerably increased. These results have been attained by an increased protection of this class of goods in consequence of the present Tariff, and by a natural law of manufactures, whereby a larger quantity of a given article can be produced and sold to the consumer at a less price than a smaller quantity of the same article. In other words, owing to the enlarged market afforded by protection and the keenness of home competition we are able to supply the country generally with coarse woollen caps and felt hats at lower prices under the present tariff than in 1878, before it went into operation.

“As an importer, manufacturer, general merchant, of twenty-five years' experience, extending at present from Cape Breton to British Columbia, I can safely say that the country as a whole, in its solid material prosperity and sound financial condition, has never been (during the period mentioned) as truly prosperous as at present. I believe this statement will be confirmed by every leading banker and merchant throughout the Dominion. You are at liberty to use this letter in any way you think best.”

We have taken the felt hats and woollen caps, the woollen clothing and the cotton underclothing, and, for the mass of the people, it does not appear to have cost them a great deal more for these articles—it cost them somewhat less; but, at any rate, we say they have cost them no more than under the Tariff of 1878. Let us see what other articles have been affected by the Tariff. We increased the duty considerably on waggons and carriages. I have several statements, all pretty much in the same direction, but I have one in particular in which is given the prices of waggons and carriages. Waggons which sold in 1871 for \$64 sold in 1878 for \$62, and in 1881 for \$60. Carriages which sold in 1871 for \$110 cash sold in 1878 for \$105 cash, and in 1881 for \$100 cash. A carriage that sold in 1871 for \$120 sold in 1878 for \$100, and in 1881 for \$100. A covered buggy, first class (giving description of it), which sold in 1871 for \$170 sold in 1878 for \$160, and sold in 1881 for \$150; so that the increase of duty on carriages has not had the effect of increasing the price to the purchaser. Ploughs are selling at 15 per cent. less than in 1878. All agricultural implements are selling from 5 to 20 per cent. less than they were sold in 1878. Organs are selling at 15 per cent. less than they were sold for in 1878, and the business has increased nearly fourfold. Sewing machines are reduced in price \$10 each, and the business has trebled or more. Boots and shoes and leather manufactures, first class custom work, have increased in price about 15 per cent., equivalent to the increase of wages of the men employed in that particular work; but factory goods are sold at from 10 to 25 per cent. less than in 1878, although the price of labour has increased. Lamp glasses sell at less than in the United States in 1878. In hardware goods there has been an increase in price for a portion, but not greater than the increased cost of labour and of raw material, but a large portion are sold lower than in 1878. The best class of furniture is selling at a somewhat higher price than before.

—that is, the very best description of furniture—but the furniture that is used by the masses of the people, manufactured at the large establishments of the Dominion of Canada, is sold as low, and lower in most cases, than it was in 1878. The price of iron castings in 1882 was 9 per cent. higher than in 1878. In 1879 the prices were at the lowest, pig iron being cheaper than at any period since. The increase in the price of iron castings is about 15 per cent., or equivalent to the increased cost of the pig iron and the labour, principally of the labour. Cut nails are 5 per cent. lower, and finishing nails are 9 per cent. lower than in 1878; pressed spikes are 12 per cent. lower than in 1878, and railway spikes \$2 per ton lower than in 1878. Horse shoes are 8 per cent. higher than they were in 1878, because when the machine made horse shoes were first introduced, in order to induce those who required them to abandon the manufacture of shoes, the prices were put down, and consequently they were lowered in 1878, and are now selling at 8 per cent. higher than in that year; but for nails there has not been an increase in price, though we have increased the duty upon them. Let me say that as far as these particular manufactures are concerned it does not appear that the consumer has been called upon to pay anything more as a rule, but in some cases less than before, and consequently the Tariff, to the masses of the people, with reference to these manufactures, has not been oppressive. An hon. gentleman opposite, the member from the County of St. John's (the late Minister of Customs), took a different view of this subject; his view was endorsed by the late Finance Minister. He evidently entertained the opinion that this was a protective policy, and that it would increase largely the consumption of home manufactures, at a higher price, and yield less revenue. That hon. gentleman stated—and the late Finance Minister said that no answer had been given to it—that under the operation of this Tariff we would tax the people \$7,000,000 more than before, and they would pay but \$2,000,000 of that into the Treasury. Now, there has been \$6,000,000 paid into the Treasury over and above what was collected in 1877, and if we increased the manufactures last year by \$15,000,000—the average duty that would be imposed if imported would be 20 per cent.—and if the increased cost to the consumer for that \$15,000,000 worth of goods

manufactured in the country was equivalent to the duty, then the hon. gentleman might claim that the people paid \$3,000,000 for these goods that did not reach the Treasury ; but I have shown that, instead of paying the increased duty that was imposed, they have these goods as cheap as they were before the change and we have the \$6,000,000 in the Treasury, and the people have paid no more for the goods manufactured under the protective policy.

#### IMPROVED CONDITION OF THE FARMER.

There are a great many statements made about the taxation of the workingman, and especially upon the farmer. Now, let us look at that view of the case for a moment. There is a good deal of sympathy manifested for the farmer. I on a former occasion made the remark, in answer to some statement made by an hon. gentleman that the farmer was heavily taxed under this Tariff, that from the peculiar position of the farmer he would not in proportion to his means contribute as much as certain other classes. It was afterwards stated that I had said they would not pay their share or would not pay enough into the Treasury. I simply said that under the Tariff, owing to his peculiar position, he would not contribute as much as some other classes of persons who were not producers and who consumed largely of imported goods. Now, let us for a few moments consider the condition of the farmer in the light of the facts I have just presented—and when I am referring to the farmer I desire to include the mechanic and the labourer ; I am referring to the masses of the people of Canada. Let us see now, under the change in the Tariff that has been in operation since 1879, with the reductions proposed to-day, how the farmer, mechanic and labourer stand. His tea will cost him 5 to 6 cents a pound less than it did in 1878. The duty is removed off his coffee. The sugar, considering the middleman and his profits, is at least 50 cents per hundred lower than before. His molasses is 10 per cent. less than he paid in 1878. With reference to rice he will be able to obtain it under the new arrangement a little less than before. Soap has increased about 12½ per cent. in price ; the increase, however, is due to the raw material from which it is manufactured, and this raw material pays no duty. With reference to spices, the duty remains unchanged. With reference to woollen goods used by the masses, they are as cheap

or cheaper than before. With reference to cottons, they are as cheap or cheaper than before. Hats and caps are also as cheap as they were before. Custom made boots and shoes are 15 per cent. more, the others less. Agricultural implements are from 5 to 20 per cent. less than in 1878. Sewing machines are \$10 less than before. Carriages less than before. Lamp shades and glassware are less than before; organs are less than before; nuts and bolts, which I did not refer to previously, are less than before; furniture of common qualities is as low, if not less, than before; nails and spikes less; horse shoes a little higher; stoves and castings a little higher; hardware, taking it all round, a little higher; tools and files less than in 1878. The reduction in cost will average from 5 to 10 per cent., as near as can be gathered, on the articles named. Now, Sir, that being the case, let us consider the position of the farmer especially. I quite admit, if it could be shown that this tariff had no advantages for the farmer, that it was oppressive, that he paid more taxes than formerly and received nothing in return, then he might be induced to accept the invitation of hon. gentlemen opposite to oppose this policy whenever it is put upon its trial. But the leading articles which he is consuming are no higher than before, and in many cases they are less. We will now inquire what other benefit he has in addition to the lower prices. In my judgment the farmer is as greatly interested in this Tariff as any other class of men in the Dominion. In the first place he has the home market. An hon. member opposite referred to the home market last Session, stating that it was of very little importance. Visit any section of the Dominion you please, put yourself in communication with the farmer, especially in the neighbourhood of towns where manufacturing industries have been established and are increasing, and ask them if they are deriving no advantage. Why, Sir, under the operations of this Tariff the vegetables, the fruit, the poultry, the lamb and veal and other meats, the butter, the cheese, for almost everything they offer for sale, they obtain higher prices on account of the home market than is obtained in localities where they have to sell to the middleman and ship to another market. In conversations with the farmers, I found that in 1878 they frequently came to market with their fruit and vegetables, would stand there all day, and, not being able to get a price which would

be an object to them, would drive home and wait for another opportunity, frequently being compelled to return and take what was offered. "How is it now?" I said. They replied: "There is no difficulty now. We sell everything we bring in for cash, and at good prices." Why? Because business is in an active and flourishing state. Manufactories have increased, the number of the employed has increased, and their wages also have increased. They have plenty of money with which to buy country produce—I speak particularly of perishable goods which cannot be sent to a distant market. Some 25,000 more people are employed than in 1878 in these manufactories, and if they represent four for each family you have 100,000 people to be fed, the heads of whose families were without employment or were only partially employed, or not in the country, in 1878. What the effect of this is to the farmer can be clearly understood. But it is said the duty on oats is no protection to the farmer; the duty on corn is very little benefit to the farmer. What is the fact? Do they not obtain better prices for their corn than they did before the duty of  $7\frac{1}{2}$  cents per bushel was imposed? They certainly do. There is no question about it. Do they not obtain a better price for their rye? I admit that is regulated to a very large extent by the price in Germany and elsewhere, the markets to which it is generally shipped from the Dominion. But the distillers of Canada now buy their rye from the farmers of Canada, which they use as a substitute for corn. That gives an increased market, and to a certain extent affects the price. With reference to the price of oats, we have evidence beyond controversy, in my judgment, that it has been increased to the consumer 3 cents per bushel. But it is said "the European market regulates the price here. It does not matter an iota what you put upon it." Does it not? The leader of the Opposition said in Nova Scotia—and I do him the justice to say he made the same statement in Toronto previous to the West Toronto election—that the duty on coal increased the price of coal to the consumer in Ontario, and that the duty on breadstuffs increased the price of breadstuffs to the consumer in the Maritime Provinces. The operation of this state of things he said would create a bad feeling between the people of Ontario and the people of the Maritime Provinces, because the latter had to pay additional for the breadstuffs of Ontario consumed in the Maritime Provinces, and

the former additional on the coal consumed by the former. On the subject of coal I know there has been a great deal said ; but my inquiries have led me to the conclusion that, while we receive a very considerable sum from coal imported from the United States and consumed in Ontario, one-half of that sum is paid by the coal producers in the United States. That is my conviction, and we have evidence of it. It is only very recently, in conversation with a gentleman who purchased in the United States 2,000 tons of coal for consumption in Canada, he said that a portion of the coal duty had been paid by the coal producers of the Western States. But, as I said on a former occasion, if the people of the United States were to say to us to-day, or any day, that they would go back to the Reciprocity Treaty of 1854, by which the natural products of the two countries would be exchanged free, we would be prepared to agree to that arrangement. But it would be the greatest mistake that any Government could make at this time, while negotiations may be opened at no distant day, while notice may be given by Canada of the abrogation of the Washington Treaty within twelve months, and when there is a desire in the United States on the part of a portion of her people to open negotiations for the free exchange of natural products, it would not only be a mistake, it would be madness, to yield one iota of the vantage ground we now possess. If we were to yield it now we would do that which we would regret for all time to come. Therefore, we are not prepared to offer any proposition for the reduction of the duties now levied on these articles.

#### THE PRICE OF WHEAT.

Sir, the prices have been quoted in Chicago and compared with the prices of wheat in Toronto, and the conclusion has been drawn by some that the Tariff has no effect on the price of wheat in Toronto. But, Sir, an exceptional state of things has existed in the United States for two years. This year especially the holders of wheat have felt that the short crop in the United States and the short crop in Europe would necessarily bring up the price above what it was when the harvest was completed in America. They have been holding for a time wheat at 6 cents per bushel higher than the price brought for that description of article in the Liverpool market, adding the ordinary freight and

ordinary expenses in conveying it to the market. What have they been able to do from the fact of holding grain? They have driven the railroad companies and the shipowners to the point that, in order to enable them to get the price they were asking for it in Chicago, they have reduced the freight by railways, and the charges of transportation and the freights on shipping by which it has been sent forward, and thus made just a fair return considering the price which was paid for it in Chicago. And what was the difference a week ago? I will give an illustration simply to show that this Tariff, while it does not, of course, increase the price of grain 15 cents a bushel, does, as I estimated last Session, increase the price on an average of 10 cents a barrel on flour consumed in the Dominion of Canada; and, if the leader of the Opposition was present, I would thank him for the compliment which he paid me at one of his meetings when he undertook to show to the people of the Maritime Provinces that they paid more for their flour, and, in order to clinch the matter, he quoted my statement in Parliament to prove that the price was increased to the consumer 10 cents a barrel on flour. Ten days ago wheat was sold in the Toronto market 3 cents higher per bushel than it was sold for in the Chicago market, and it could not have brought these 3 cents per bushel in excess had it not been for the Tariff; and I will tell you why. The cost of transmission of wheat from Chicago to Liverpool *via* New York was precisely to a cent what it costs to convey wheat from Toronto *via* the Grand Trunk Railway and the Allan steamers to Liverpool; therefore, if it depended simply on the English market, that wheat would have had to go down 3 cents in price per bushel in order to compete with the wheat sent from Chicago, but it brought 3 cents more, because, as we know—after the harvest is in, and a large portion of it has been shipped to England—the quantity of Canadian grain in the country being diminished, Canadian millers have to pay an increased price for the wheat which they require, and this increase goes into the pockets of our farmers, who reap the benefit; and, therefore, the miller has either to go to the United States market and pay the duty or he has to pay the price which the farmer demands for his grain here. And, consequently, our farmers ten days ago received 3 cents more per bushel for their wheat than they would have obtained

had our market been open and exposed to the danger of being broken down by shipments from the other side, which, without the duty, would have been thrown in here, and thus brought into competition with the produce of our own agriculturists; The returns on the Table of the House show that in the years 1879-80 and 1880-81 there were 10,000,000 bushels more of Canadian grain consumed in Canada than was the case during the two years previous. We had, therefore, a market for the products of Canada to the extent of 5,000,000 bushels of grain per annum which we did not before possess, and it is thus we derive the benefit. Our exports of the products of Canada have been somewhat increased, and a home market for 5,000,000 more bushels of grain has been provided for our farmers, who have obtained better prices than they would have received had their market been open to free competition with the farmers of the Western States; and in this manner the Tariff has conferred a decided benefit upon our agriculturists. I have the evidence here which will show the exact extent of the reduction in imports of breadstuffs. In 1877 we consumed in Canada 5,210,890 more bushels of United States wheat than we did in 1881, and in 1878 we consumed 2,161,867 bushels more than we did in 1881. In 1877 we consumed 599,737 more bushels of American oats than we did in the year 1881; and in 1878 we consumed 1,999,156 more bushels of United States oats than we did in the year 1881; showing that in 1881 we had a home market for 7,302,000 bushels more of home grown grain than the average for the years 1877 and 1878. That is sufficient, I think, to establish pretty clearly that the home market for the farmers of Canada, with an increased price, in certain seasons gives them what they would not possess if that home market was open for the Americans to send in their produce free, as they have done down to 1878 or 1879. Considering the fact that the farmer, as well as the labourer, the artisan and the masses of the people, pays no more for the goods he consumes than he did in 1878; considering that he has the home market free from competition to a very great extent for such products as I have named, as well as vegetables, fruit and other articles that may be considered perishable, and securing higher prices than he did before, I think it will be difficult to convince him that under the present policy he is

not benefited, and to induce him under any circumstances to oppose a policy that has so increased the value of his produce.

#### CANADA'S CREDIT IN ENGLAND.

Having dealt with these points, I desire to deal with another objection, and that is that the ill feeling that would be created in England from the adoption of this policy would effect our credit there. I answered that last Session, and in this way : that in 1878 the securities of New South Wales, which were the highest Colonial securities in the English market, sold from 4 to 5 per cent. above Canadian ; that, while Canadian 4 per cent. securities had increased from about 89 or 90 to 104, the other Colonial securities had not increased in like proportion ; that then Canadian securities were 1 per cent. above those of New South Wales, and, therefore, their increased value was not solely attributable to the abundance of money and the lower rate of interest. I am in a position to state to-day that our securities are 2 per cent. above those of New South Wales, showing an increase over last year, and standing as they stood then at the very top of every colonial security that is offered in the English market, and next to Consols. In this connection I may remind hon. members that I laid on the Table of the House a few days ago the particulars of an arrangement made with our agents for the transaction of our business for ten years. Messrs. Baring, Glyn, Mills & Co. have acted as the agents of Canada for many years, and down to 1873 and 1874 the arrangements made by old Canada and the Provinces of Nova Scotia and New Brunswick were, that they were to receive 1 per cent. for the negotiation of loans, 1 per cent. on their redemption, and 1 per cent. for the payment of interest on the coupons. Since then an arrangement was made by which the percentage on the coupons was reduced to one-half per cent. on bonds issued after 1873. It was in contemplation when our High Commissioner was appointed to London to make arrangements by which that agency should become a financial agency as well, and I stated to the hon. member for Centre Huron (Sir Richard J. Cartwright), who put some questions to me last Session and the Session before, that this matter was delayed owing to a difficulty that had arisen with the agents, as they claimed that, outstanding bonds having been issued payable at the office of Messrs. Glyn, Mills & Baring, they had the right, as long as they were in a

position to do so, to redeem them and receive the commission. However, it was likely to lead to a controversy which neither party desired to bring about, and the result was that a proposition was made to Sir Alexander Galt by our agents that for the future, commencing on the 1st of January last—and that proposal was accepted—the commission for paying all coupons would be uniform, namely, one-half per cent. That saves \$15,000 yearly in commissions to agents; then we have \$55,000,000 that may be redeemed in 1885. We have arranged in this contract that instead of their receiving 1 per cent. on the redemption of these securities, they have agreed to exchange 4 per cent., or possibly securities bearing a lower rate of interest, with the holders of the 5 per cent. securities who may desire to do so, that is, redeem them by an issue of new debentures for  $\frac{1}{2}$  per cent., which, if we paid 1 per cent. for the redemption, and even  $\frac{1}{2}$  per cent. for the negotiation of the new loan, would save 1 per cent. on \$35,000,000, making a saving of \$350,000 on that transaction. Now, Sir, I think I have pretty thoroughly answered the objections made in 1878 to this policy, and answered them by facts gathered from the Public Accounts, facts gathered from the trade returns, facts gathered, as I accept them, from reliable men, but of course subject to correction, and if they are not correct we wish to have them corrected. We want to have the facts with reference to this matter, and then we shall know precisely where we stand; but we present them here believing them to be correct, and consequently proving that our case is strong, and that the fears entertained by hon. gentlemen opposite were groundless.

#### OPERATIONS OF THE TARIFF.

Let us look again for a few moments before I close at the operations of this Tariff. How has it affected the different interests of this country? Take, for instance, the owners of bank stocks; it has not injured them. The stock owned in Ontario and Quebec to-day at the quoted prices of sales made within a week is \$20,000,000 above what the quoted sales in 1879 would produce. Has it hurt the manufactures? It has not, because, while they say they are selling goods for less than they did before, business has largely increased. They are working full time, making prompt sales, and their increased productions at even a lower price have given them better profits than before. Have the men employed by the

manufacturers suffered? They have not, because we find that in the cases where they have not had an increase of wages they have had constant employment instead of short time as before. In many cases they have not only constant employment but they work overtime, and their position is better than it was before. How is it with the labourer to-day? He has plenty of employment in every part of the Dominion.

An hon. MEMBER.—No; no.

Sir LEONARD TILLEY.—Plenty of employment. I say that, and I am surprised that any hon. gentleman would say “no.”

An hon. MEMBER.—No.

Sir LEONARD TILLEY.—No? Well, Sir, his position is infinitely improved, at all events, as compared with what it was before the adoption of the present Tariff. We do not now find the Government compelled to ask Parliament to authorize the construction of Public Works in order to give work to unemployed men. How is it, Sir, with reference to the merchant? The wholesale merchant tells us that his business has been doubled last year compared with that of 1879, and 50 per cent. larger than that of 1880; that he has had prompt payments, that there have been fewer bankruptcies, fewer losses, than he has known before. How is it, Sir, with the shipowner? The shipowners are at this moment probably feeling less the changes that have taken place in the industries and general interests of the country than any other people. There are circumstances effecting the shipping interests of Canada that can not well be reached by legislation. One is the fact that the iron ships of the old world are rapidly taking the place of the wooden vessels of the new, built by our own shipbuilders. We give a drawback that is more than sufficient to make up for the additional duty imposed on the materials used in the construction of ships, and I give as an evidence of this fact that but one builder out of the eighteen or twenty who sent in their claims for drawbacks asked more than the 75 cents allowed. The drawback gives the builder more than he pays in additional duty, and in many cases gives a return equal to the whole duty he pays.

Mr. KILLAM.—But the Government fixed an arbitrary drawback.

Sir LEONARD TILLEY.—Of course we did.

Mr. KILLAM.—If the amount was arbitrarily fixed, what was the use of any man asking more?

Sir LEONARD TILLEY.—I am speaking of the applications made before the adoption of the specific rate — applications that were made to the Minister of Customs when it was announced to the shipowners that the extra duties they paid upon materials entering into the construction of ships would be returned to them. But one of them made a claim above the 75 cents per ton subsequently fixed upon, and many of them claimed not more than half that sum. And, Sir, we now come forward with a new proposition for bounties on a certain class of vessels the construction of which will give employment to our people in building suitable vessels for the fishermen. We are doing everything we can do to protect that interest, though I admit it is not possible to grant the same aid as to some other industries. How is it with the lumber interest? It is said the Government have done nothing for that. To a certain extent I admit it. We may have increased the cost of oats, and of blankets if the lumberman buys those shoddy articles upon which a duty of 45 per cent. is paid. If we except these two articles, it will be difficult for the lumberman to show that he pays any increased taxation that does not go into the Treasury as his share of the \$2,500,000 necessary to make up deficits of past years. It would I admit be difficult for us to show any great direct benefit given to them, but I throw out this idea: It is now well understood that after three years' operation of this Tariff houses that were unoccupied before have no longer "to let" on them; that there is an increased demand in all parts of the Dominion for lumber for home consumption, as compared with 1878, for new buildings, and every thousand or million feet sold for use in our home markets decreases by just so much the amount that would otherwise be exported, and it is well known by those who live in the Maritime Provinces how much the prices in American and English markets depend upon the stocks placed upon those markets. The lumber we manufactured in 1878 and could not consume here was thrown in addition to the ordinary shipments upon the English and American markets, reducing its value there. Providing an increased demand at home is the measure of relief afforded to the lumber trade. How is it with the mining industry?

Has there been nothing done for that? Has nothing been done for the coal industry by increasing its output 400,000 tons last year? and it would have increased still more but for the accident at the Albion mine. There are two smelting furnaces where there was one before, and there is a proposition now, and capital paid in, for smelting works in Montreal. There are before the Government now propositions that may result in the establishment of other iron industries; but, take the facts as they are, they show that the policy is doing something for this industry. I have already explained the effect of the Tariff upon the farming interest; I have shown that the farmer has a home market and higher prices owing to American produce being largely shut out, while the articles he consumes are not higher than they were before. Look at the railway interest. It was thought the operation of the Tariff would tend to diminish the amount of their traffic. If we could make a careful account of the manufactured goods carried over the railways, we would find the revenue from these sources has largely increased. Comparing what they carried from the seaports in 1877-78 and what they carry from the seaports to-day, and add the manufactures from the various factories that are sending their products all over the Dominion, it will be found that the railway proprietors have a large interest in this new policy. Every interest in the country has been, in my judgment, largely and materially benefited. This policy, supplemented with our legislation securing the rapid construction of the Canadian Pacific Railway, have combined to place us in the enviable position we now occupy—the best position of any people on the face of the earth. Let us look at it for a moment. Here we are, with large expenditures ahead, it is true, but with a rich, fertile and widely extended domain which will pay off largely the indebtedness that will be incurred in its development; nay, more, the portion of it which was required for the maintenance of our police and Indians, and for the preservation of peace in that country, will all be reimbursed out of the proceeds of these lands, and if it were not for the consideration—a high consideration I admit; a consideration that cannot be overlooked by this Parliament without injury to the country—that it is desirable to give to the people of the old world, and the inhabitants of our own Dominion, free homes in that great North-West we could realize in a few years, if they were put up

at public auction, the money that would pay back not only the expenditure up to the present time, but down to the completion of the railway. But it will come in the future; our public debt will be decreased, our annual interest will be reduced, and we shall occupy the proud position of being able to offer to the industrious and honest men who cannot find work in the old world a home here, with free lands, a country girdled with railways, and a canal system the best in the world; with institutions that will protect their lives, their properties and their rights, and that will afford a refuge for the oppressed men, if there be any such in any part of the old world. We will open our arms to them all, and bid them welcome, and make the Dominion of Canada, as I said in my closing remarks in a former speech, what Providence has designed it to be—one of the greatest and richest countries in the world, one we may be proud to belong to, especially by every man who has advocated and supported the policy that has in three years raised us to our present enviable position, a policy that will not be repealed, a policy that will be sustained either by gentlemen opposite or by those on this side, for the will of the people will demand its permanency. Under these circumstances we feel a pride and a satisfaction in meeting Parliament and presenting our case, and we are prepared to vindicate our position here and elsewhere, and we know that at the close of this Session, when the arguments on both sides have been heard, and we have met our opponents face to face, as we are now stronger in the country than we were in 1878, we will be still stronger at the close of the Session than we are now, and that when the time comes to ask the people for the endorsement of our policy they will sustain us and send us back here to perfect and continue the policy we have inaugurated.