

of the House, and the hon. gentleman has presented himself to the House under false pretences.

Mr. MACKAY (Cape Breton): I disclaim anything of the kind. I say I have been misrepresented by the newspapers of the day.

Mr. SPEAKER: I doubt very much the propriety of hon. members replying to newspaper articles. If, in a newspaper report, a mistake should occur, and should put members in a false position, I think they are quite in order to explain that they had not made the statements attributed to them. Of course, if the hon. gentleman had a charge to make against a newspaper proprietor he could do so; but it seems to me that a reply would not be in order.

SUPPLY.

RESOLUTION REPORTED.

Resolution (February 19th) *reported, read the second time and agreed to.*

STATEMENT OF RECEIPTS AND EXPENDITURE.

Mr. CARTWRIGHT laid before the House a statements of receipts and payments on account of the Consolidated Fund, from 1st July, 1876, to 10th February, 1877.

WAYS AND MEANS—THE BUDGET.

Order for the House to go into Committee of the Whole to consider of the Ways and Means for raising the Supply to be granted to Her Majesty, *read.*

Mr. CARTWRIGHT: Whatever difference of opinion, Mr. Speaker, may exist between hon. members of this House as to the policy which the Government has pursued in the past, or as to the policy which it may be the duty of the Government to pursue in the future, I think that hon. members of all sides and parties in this House will agree with me in the statement that the financial year which closed on the 1st July, 1876, was one of an exceedingly critical character, and one which will be long remembered in our financial history. Indeed, in some important points it may be said to mark

the turning point therein. Now, Sir, I fear that the questions with which the House will have to deal to-day will prove to be of a somewhat complicated character, and I must beg the indulgence of the House if I should appear to be somewhat unduly tedious in my treatment thereof. During the year to which I have referred, our expenditure has touched the maximum point which, as far as we can judge, it is likely to touch for a considerable time to come; and, on the other hand, as not unfrequently happens under such circumstances, our income (partly from extraordinary and accidental causes, partly from the extreme depression of trade), has been reduced to a very low point—I would fain hope to the lowest point that it is ever likely to reach. However that may be, the net result is this: that whereas our expenditure during the year amounted to no less than \$24,488,000 in round numbers, our total receipts fell to about \$22,587,000—being a total deficit of no less than \$1,901,000. Now, Mr. Speaker, I would be the very last man in the House to made light of this fact. View it as we may, account for it as we may, the existence of a deficit at all, much more of a deficit of this magnitude, is a circumstance of a very serious and formidable character, none the less because it is the first avowed deficit, though not the first that has really existed, since the period of Confederation. And, Sir, if I believed that this large deficit was about to become chronic, then there could be but one question before us, and but one course for the Government to pursue. In such case it would undoubtedly be necessary to adopt very vigorous measures for the purpose of restoring the desired equilibrium between income and expenditure. But, if it should appear otherwise, if a fair and impartial consideration of the items of which this deficit is composed should show to the House that there is good ground for believing that by far the greater part is due to extraordinary and abnormal expenditures, not likely in the nature of things to occur again, then, of course, the advice which ought to be given to the House might be materially modified. Now, if hon. gentle-

men, having the Public Accounts in their hands, will do me the favour to refer to the various items making up this deficit, they will find that a very large proportion of this \$1,901,000 is composed of items precisely of the character to which I have alluded. In the first place, some \$134,000 are charged on account of the expenses of the boundary surveys between ourselves and the United States, which expenditure was actually incurred prior to the close of the year 1873-74, and which, perhaps, as a matter of book-keeping even, ought to have been charged to the expenditure of that particular year. They will find also that no less than \$210,000 is charged for special services for the Philadelphia Exhibition, for the loan to the Mennonite settlers, and for the relief granted to the distressed settlers in Manitoba, all of which are clearly extraordinary and exceptional charges. Now, the House will recollect, with respect to another large entry in the Public Accounts, that the policy of the present Government has always been to close, at as early a period as possible, the great expenditure which was going on upon what are generally known as minor public works—*i. e.* buildings and improvements of various kinds in different parts of the country; and they will also remember that this expenditure was largely in excess of the amount which, in our judgment, ought to be properly set apart for this service, at least, under the present circumstances of the country, and that of the total sum so charged, \$1,980,000, in round numbers, \$980,000 may be fairly treated as exceptional and extraordinary expenditure, incurred for extraordinary purposes, the accounts for which are closed and which need not recur again. There remains only one item more to which I shall call attention, and that is the charge of \$250,000, or thereabouts, made for the change of gauge, and also for the substitution of steel rails for iron on those portions of the Intercolonial Railway which belonged to the old Nova Scotia and New Brunswick railroad systems. These I also hold to be exceptional charges, and charges which in a very short time will disappear altogether from our books.

Mr. CARTWRIGHT.

Therefore, the House, if it will add these sums together, will see that I am justified in saying that \$1,574,000 of the total deficit is really and fairly due to exceptional causes, and that this deficit may, therefore, to a very considerable extent, be looked upon, as I have said, as one of an abnormal character. But, Sir, this is not all. I have a further proof, and I am happy to say a much more satisfactory proof of the general correctness of that view. I find, on examining the records of my Department, that the total expenditure to the first day of January, 1877, amounted to about \$10,100,000, whereas the total expenditure for the same services during the like period of the year ending the 1st January, 1876, was no less than \$10,900,000. In other words, the reductions which the Government have effected have amounted to no less than \$800,000 in that period alone, a process which if it can be continued during the next half year, would of itself almost entirely remove the deficit. I ought, perhaps, to add that the current receipts to that date from all sources have almost exactly equalled the current receipts to the same period for the year 1876, and that I feel justified in now stating to the House and to the country that, had we been favoured with even a barely average harvest—had there not been an unusual and extraordinary deficiency in the harvest throughout many portions of the country—the calculations on which the Government proceeded last year would have been very completely verified; and that not only would the deficit have been greatly reduced, but I have no manner of doubt that I would have been able to state to the House that it would have been absolutely extinguished by the end of the current financial year without further exertion on our part. And here, Sir, I would pause to correct an impression which may possibly have been made on the minds of some hon. gentlemen, unless they have considered with some little attention the note which I have caused to be appended to the statement of receipts and expenditure laid on the table. The half year ending on the first of January in any year, as hon. gentlemen

opposite probably know, is usually a much more convenient point of comparison than any later period, for this obvious reason, that a great many of the payments which are made after the first of January are made at irregular intervals, as has been notably the case in the present instance. In point of fact, in the payments up to the date of the 10th February, 1877, \$1,250,000 in round numbers, has been charged on account of interest and of the sinking fund investments in excess of the amounts charged for those purposes at the same date of 1876. Now, I need hardly point out to hon. gentlemen that it is a matter of no importance whatever, in calculating our ultimate expenditure, whether these sums are charged ten or twenty days sooner or later in the months of February or March; but I am especially desirous of calling their attention to the fact—because the statement itself otherwise might be completely misleading, not only to them, but to other parties here and elsewhere; and I might also add that even the statements of receipts are scarcely to be relied upon, because we had clear evidence last year that a very unusual quantity of money was paid into the Public Treasury about this time in anticipation of a change in the tariff—a circumstance which has not affected our receipts to any appreciable extent during the present period. There remains, Mr. Speaker, however, another and a graver question to consider, and that is the question—not how these receipts compare with each other, but what are our prospects for the future? Is the revenue, already so reduced, likely to fall, or is it likely to increase? Now, Sir, with respect to this, it is not in my power, it is probably not in the power of any human being in Canada, to say with absolute certainty what the final result may be. I can merely give the House the best approximate estimate I can make, with the facts and inferences I draw therefrom, and to leave it to the House to say how far I am warranted in the conclusions I have arrived at. I may, however, note this fact, that, large and unusual as the expenditures for the past year undoubtedly were, they are, nevertheless, well within the actual receipts for the year ending on the 1st

July, 1875—the actual receipts for that year having amounted to about \$24,650,000, whereas the total disbursements of last year amounted to \$24,488,500, showing (which is worth noticing) that, compared with the actual receipts for the year 1874-75, our gross expenditure, large as it is, is still within the mark then attained. That is a point of some little importance, because, as I had reason to show on a former occasion, our receipts for that year were very considerably diminished by the operation of a variety of causes, to which I need not now refer; and, besides, the year itself was not one by any means of remarkable prosperity, as compared with those which preceded it. It may, also, be observed that the great loss in our revenue has arisen almost entirely from a falling off in one source alone. A great number of the important items which go to make up our revenue receipts remain fairly constant. One, that of Excise, has considerably increased, as compared with the preceding year. The great falling off, as everybody knows, occurred in the item of Customs. The reduction was simply enormous. The Customs have fallen off from a total of \$15,351,000 in the preceding year to a total of \$12,823,000, being a reduction at the rate of about \$2,500,000—a sum larger than our entire deficit. I might also observe that there can be no doubt that, had we enjoyed an importation equal to that of 1872-73 and 1873-74, the receipts, large as they were, would have been very much increased; and, therefore, that the real reduction in Customs is very considerably larger than even the heavy sum which appears in our Public Accounts. I think I am justified, under these circumstances, in saying—not indeed that the Government were able to foresee exactly what would happen, but—that the policy and expectations of the Government were reasonably and fairly accurate. We did not base our policy on the expectation of a steady advance, we did not base our policy even on the supposition that we could maintain the great importations which had existed up to that time. We made our preparations not only for a stationary period, but for one of very considerable retro-

gression. The only thing we were not fully prepared for was the enormous and almost unprecedented retrogression in imports, which took place between 1874 and the close of 1876. In order that the House may fairly understand how enormous that depression has been, I would like, with their permission, to make a short comparison with our position now, and in 1867, which is the first year with which we can make any accurate comparison. Now, as I have excellent reason to remember, and as many hon. gentlemen in this House no doubt have excellent reason to remember, the first year of Confederation could by no possibility be defined as a speculative or even a fairly prosperous year. On the contrary, it was a year in which almost every merchant or importer felt himself bound to pursue an extremely cautious and conservative policy. There were many special causes which conduced to this. That year was the last of a period of very great depression. We had just lost the advantage of the Reciprocity Treaty with the United States, and two of the oldest and largest banks in the old Province of Canada had been obliged to suspend, resulting, in one case, in total loss, in the other, in a heavy loss to the shareholders. There were also, as the House knows, very serious political complications, regarding which it was not possible for any man then to see the end. In one word, the whole commercial policy of the country at the time was, as it ought to have been, characterized by extreme caution. Now, there is very good reason for believing that our total population, in the year to which I have alluded, could not have exceeded three millions and a quarter—I am speaking of course of the four Provinces which originally formed this Confederation—and it has even been doubted by some persons who are well able to form a correct estimate on this point, whether it was even three millions and a quarter. Since then, matters have considerably changed. The five or six years which have elapsed since we last took the census, with the great exception of the last, have been years of prosperity. There has been a good deal of immigration into the country, and the total loss

from emigration has been comparatively very small. I am therefore disposed to put the present population of these four Provinces at four millions, and, if that point be granted—though I do not think it of very great importance to the correctness of my argument,—then we have this somewhat remarkable result: That, whereas in 1867-68, the first year of Confederation, we had a total importation of seventy-three and a half millions, with a population of three and a half millions, yet, in the year just passed, with a population of four millions we imported only eighty-seven millions, Manitoba, British Columbia and Prince Edward Island being deducted. In other words, not only had we gone back to the point we occupied in 1867-68, but if you take a *per capita* estimate, our importations were positively three millions less, relatively speaking, in the year which has just passed than they were at the commencement of Confederation; and, even if you choose to take the goods entered for consumption in place of those actually imported, you will have an importation *per capita* at the present time barely equal to that in 1867. Now, Sir, the House knows I have not been usually chargeable with the reproach of over-extravagance in estimating our resources; but I have always seen clearly that, since the culmination of Confederation, there has been a very great and marked increase in the wealth of this country, and that many indications show that this has been far greater in proportion than the augmentation of our population, and, therefore, whatever be the correctness of my calculations regarding the mere matter of population at these respective periods, if I can show, as I think I can, that we have advanced very greatly in relative wealth since that time, I am justified in saying to the House that there is good reason for supposing that we have seen probably the worst of the present depression. I do not attach any great value to such indications of prosperity as are to be found in the number of banks established in this country, but these banks do, undoubtedly, afford us certain standards by which we may estimate with tolerable precision the increased volume of business throughout Canada; and I

find that the general increase in various matters which are usually considered reliable signs of the advance of the population in wealth have been very marked during that period. For instance, it is well known that the amount of the circulation of a country, at different periods, affords a very tolerable indication of the volume of business done therein; and I find that, whereas, on the 1st January, 1868, our total circulation amounted to barely \$14,000,000, at the same period of the year 1877, that circulation (deducting in each case the Government notes held by the banks) had increased to, as nearly as possible, \$26,000,000, an increase of nearly 100 per cent. Similarly, within the same period, the bank deposits in the Provinces of Ontario and Quebec, for which alone we have returns, have increased from \$29,689,000, to a no less sum than \$70,450,000, the absolute increase in that case being 130 per cent.; and the deposits in Government Savings Banks from \$1,686,000, to \$7,178,000, an increase of fully 400 per cent., which is specially valuable as showing the growth of habits of thrift and frugality among our population; while the quantity of shipping owned and registered in this Dominion has grown from 776,000 tons in 1867, to 1,204,000 tons in 1877, being a total increase of 65 per cent.,—deducting from this estimate the outlying Provinces since this added to the Dominion; and, although the gross volume of exports do not show equal additions, yet the exports of our own products from the four original Provinces have grown from \$45,000,000 in 1867 to \$65,000,000 in 1877, exhibiting an increase in this direction of 45 per cent. But, Sir, great as that increase is, an examination of the items of which it is composed will go even farther than the statement of the gross business transacted in showing the accuracy of the statement I make that the absolute wealth of Canada has increased far more than in proportion to its population within the past decade. In the first named year, Mr. Speaker, the total produce of the Fisheries amounted in value to \$3,357,000, whereas, during the last named year, the exports from that source amounted to about \$5,250,000. The exports of articles

from the forest amounted to about \$19,750,000 in 1876, as against \$18,250,000 in the first named year, this increase being very small, while the exports of animals and their products have risen from \$6,893,000 in 1868 to no less than \$12,305,000 in 1875. The exports of agricultural products during the same time advanced in value from \$12,871,000 to \$20,469,000; deducting in all these cases the exports of the Provinces recently added to the Dominion from the calculations. There was also an equal proportionate increase in the department of manufactures; and there are some other increases which go incidentally to prove the truth of my statement. For instance, the total importation of sugar has risen from fifty-seven millions of pounds in 1868 to no less than one hundred and ten millions during the year just closed; and, although I have not accurate statistics on the subject of life insurance, I believe I am correct in saying that within the past five or six years the gross amount of policies of life insurance outstanding in Canada has increased from about \$35,000,000 to about \$85,000,000. Moreover, new and valuable branches of trade, as the House knows, have been developed; a large additional area of land has been taken under cultivation, and the land which is under culture is, as I can testify concerning certain portions of the country, and as, no doubt, other hon. gentlemen could testify respecting other sections of the country, very much better cultivated than ever before; our stock has increased in number and greatly improved in quality; our railway communication is better and more extensive than it was, as compared with the previous period; and, although a large portion of the railway expenditure incurred within that period was of little practical utility—much money being spent wastefully, and much prematurely—and although I fear that no inconsiderable part of the inflation and extravagance from the effects of which the country is now suffering has resulted from the improvident engagements which were entered into in that direction, whether by English shareholders or Canadian municipalities; still, notwithstanding all these draw-

backs, it is clear that much valuable work has been done, and that we are justified in believing that considerable profit will accrue to the country at large therefrom, however misdirected may have been the efforts of many of the parties originally engaged in these enterprises. I may add that the Customs Returns up to the present time afford very tolerable evidence that an improvement has already commenced. Not only have the receipts maintained themselves fairly, as compared with the corresponding period of last year, but I also note with pleasure that there has been a decided increase in that great item of the 17½ per cent. list, on which, during last year, we sustained our heaviest loss. I am sorry to say, Mr. Speaker, that I cannot give an equally good report of the condition of the Excise Department. Though the receipts in this branch have been as large as they were during the year 1874-75, there has been a decided loss as compared with 1875-76, partly perhaps attributable to the exertions of our temperance friends, partly, no doubt, to diminished consumption from ordinary causes, and partly to illicit distillation, which the low price of barley and hard times combined have contributed to develop in certain portions of the country. Other branches of revenue have not only maintained themselves well, but have even increased somewhat compared with the corresponding period of last year. I may also observe that our railway receipts, which are necessarily just now at their lowest ebb, may, I think, be reasonably expected to go on increasing and improving, as new traffic develops, as ought, and probably will be the case along the lines recently opened. Turning to the Estimates I have recently had the honour of presenting to the House, you will perceive that the total sum demanded for the service of the year varies a little from the sum demanded for the past year, amounting to \$23,167,000 as against \$23,031,000, an augmentation of about \$136,000. Now, with reference to the augmentation, I may observe that it is almost purely nominal, being composed in part of an item of about \$45,000, which appears on both sides of the account (in one

case as an addition to the Sinking Fund, and in another as investment of the interest of the Sinking Fund), and in part of \$60,000 or thereabouts, composed of interest on money which we are about to pay off, and for which funds are lodged and actually bearing interest at this moment. The Estimates are therefore substantially almost identical in amount with those submitted during the preceding year, although, as the House will see by reference to them, we have been obliged, in consequence of the contraction of the recent loan in London, to increase the annual charge on the public debt by nearly \$500,000. These Estimates in a general way will speak for themselves. There are, however, two or three items to which I would desire to call attention. A certain increase is necessarily demanded for the efficient performance of the Lighthouse and Coast service, which is partly due to the natural increase of the cost of this service, and partly for repairing injuries caused by violent storms on some portions of our coast. The increase, however, to which most interest and probably most importance should attach, is the large item of \$86,000, required for the services for Indians, to which I shall presently allude. Before doing so, however, it is a matter of some importance that the House, in looking at these Estimates, should bear in mind how very large a proportion is occupied by charges over which we can hardly be said to have any control. If the House will apply to these Estimates the same division introduced in the abstract in the Public Accounts, they will find that the total charge for "ordinary expenditure" during the years 1877-78 is no more than \$6,503,343 being a reduction of very nearly two millions on the actual charges which were incurred for these services in either the year 1873-74 or 1875-76; and that, too, although as the House will perceive, the expenditure for Indians, to which I have already alluded, has increased enormously, and although there is a much heavier charge on account of the Mounted Police in the North-West than in 1873-74. Now, Sir, these charges for Mounted Police, for Indian treaties,

and, indeed, for the whole Government of the North-West, are, I think, in a certain sense and to a certain degree, to be fairly regarded as charges on capital. Not that I at all propose so to treat them or remove them from the Consolidated Fund; but it is evident to every hon. gentleman that, when we undertook the government of that great region, we undertook a task in performing which we must make very large present sacrifices for the sake of the future gain which we hope may accrue therefrom. And I desire to call the special attention of my hon. friends from British Columbia who, on former occasions, have made it a charge against the Government to which I belong, that we were utterly callous and indifferent to the prosecution of the Pacific Railway, to the fact that the present Government has expended from 1st July, 1874, to 1st January, 1877, no less than \$6,000,000 on the work of the Pacific Railway and the survey thereof; and that the present outlay for Mounted Police and for Indian Treaties, and the Government of the North-West,—all of which are absolutely indispensable preliminaries to any successful attempt to colonize that region or construct a railway through it, whether it be done with our own funds or by agreement with contractors or other parties, will entail an addition to our ordinary annual charges of no less than \$800,000. Now, if that sum were to be capitalized, it would represent, at 4½ per cent., no less than \$18,000,000. I think, therefore, whatever other charge the Government may be liable to, that of indifference to the prosecution of this railway, or reluctance to do everything which we could reasonably and fairly be expected to do for that purpose is certainly not one.

Mr. TUPPER: Do I understand the hon. gentleman that the expenditure since 1874 on the Pacific Railway has amounted to \$6,000,000?

Mr. CARTWRIGHT: From 1st July, 1874, to 1st January, 1877, the amount of \$6,000,000, as nearly as may be, has been expended on the railroad works and the surveys—the survey of course absorbing a considerable portion of that sum. Before pro-

ceeding to discuss other matters, it may be as well that I should give the House details of the loan which I contracted recently in London, and the reasons which induced me to issue it in the manner I did. As the House is aware, in last November I had occasion to issue a loan for £2,500,000 sterling in London, at the fixed price of £91 per cent. That loan was made with the usual allowances customary in such cases; and the usual commission of one per cent. and no more was paid to the agents entrusted with the negotiation thereof. I may add that that loan fetched the highest price ever obtained on our own unaided credit, and I may further add—and it is a good illustration of the correctness of the judgment of the Government in deciding to issue a four per cent. instead of a five per cent. loan—that that loan fetched absolutely a higher price at wholesale than the highest retail price obtainable for our five per cents., payable in 1903, the actual value of that loan at 91 being as nearly as possible equivalent to five per cents. at 108, whereas the current selling price of those five per cents. was barely from 105 to 106½, deducting accrued interest. Now, Mr. Speaker, the bare statement of these two facts might, and, under ordinary circumstances, would probably have been sufficient; nor should I have felt it necessary to weary the House with a prolonged explanation of the reasons which induced me to issue this loan at 91, or to adopt the mode of issuing it at a fixed price instead of by way of tender, save for one consideration. I am aware that the propriety of the course I adopted had been called in question; and (which is of much more importance) I foresee that it is necessary to disabuse the mind of the public of some gross misconceptions on this point, if we would avoid serious difficulty and danger in future negotiations; and I shall, therefore, be compelled to speak at some considerable length as to the exact position in which Canadian loans have stood for some years past, and my grounds for the steps I took. And, in the first instance, I must beg the indulgence of the House while I glance at the general position of Canada in the London money market. It must be

remembered that the late loan was only one of a series,—that two other loans had been issued, and that it was known that other loans must follow within a very short period. Now, I do not at all wish to arrogate to myself any particular wisdom in the negotiation of these matters, but I must say this,—that no Canadian Minister of Finance has ever had such a task before him, or has ever had to discharge it under circumstances similar to those under which it has fallen to my lot to issue a series of loans in London. The House must bear in mind that the change of security from a 5 to 4 per cent stock, was necessarily an experiment, and a difficult and delicate experiment, and that there was a great deal of tacit but very decided resistance to such an issue. It was perfectly understood on the Stock Exchange and elsewhere that, if Canada succeeded in establishing 4 per cent. as the rate at which she could borrow, all the other colonies of good standing would follow her example, and possibly other foreign countries; and therefore, not unnaturally, considerable difficulties were thrown in our way; nor was it a very easy matter to place Canadian 4 per cents. on the market as a favourite and popular security. Indeed, for some time, it was very doubtful if we could establish them at all. It was matter of notoriety in London that a large amount of our loan of 1874 remained for a long time unabsorbed in the hands of the capitalists who had taken it, and perhaps it is not so well known as it ought to be that this loan was for a time at a discount in the London market, which would have been enhanced but for the precautions taken by large holders of the loan to sustain it. Under the circumstances in which I found myself placed, I think the House will agree that the Finance Minister had a double duty to discharge. It was not enough for me to negotiate a single loan on good terms. I was bound to obtain the best reasonable prices for our securities; but I was also bound to take all possible precautions to guard against the risk of failure. I need scarcely say that there can be no man in the country more anxious than the Minister of Finance, whoever he may be, to obtain

as good a price as he can for the securities of Canada, but I may add that there is necessarily no other man in Canada who is or who ought to be so keenly alive to the possible consequences of failure, or who, if he is fit for his position, is so well able to judge of the mischief which may ensue therefrom, as the Minister of Finance; and, therefore, I say that any man who goes to London charged with such a duty has the right to expect that he will receive from his colleagues and from the country a reasonable amount of confidence, and full plenary power to do as he may judge best in the interest of the country. I do not object to any fair criticism of my conduct, but I desire to point out that I had two things to consider,—not only how to get the best immediate price, but the possible consequence of failure in negotiating this loan, which I do not hesitate to say would have been of the most serious moment to Canada. I do not wish to cast the least reflection upon any hon. gentleman opposite; but I have felt on more than one occasion that it was a personal misfortune to myself and to the Government that there is no hon. gentleman on the Opposition benches who has at any time filled the position of Minister of Finance. I felt that, if any of those distinguished gentlemen who filled the office before me, if Sir Alexander Galt, Sir Francis Hincks, or Sir John Rose were sitting beside the hon. member for Kingston, it would be unnecessary for me to enter into these lengthened explanations, as they would understand that the Finance Minister had only taken the precautions which they themselves never failed to practice, and that they would be the first to declare that a Finance Minister who neglected to take these precautions, for the sake of a little temporary popularity or a little doubtful gain, would deserve the severest censure of the intelligent portion of his countrymen. Nor would they have made the vulgar blunder, to which a great deal of all this misconception is owing, of catching at some stray quotations in some odd English newspapers, and disregarding the steady current of quotations for months together. To judge of the price which can be obtained for any loan at whole-

sale by mere accidental retail quotations shows a very partial acquaintance with the real state of the case. If quotations are continued for a long time, and are genuine *bond fide* quotations of fair amount, they do, it is true, afford a guide which may be relied on to a great extent, though it often happens that a market which would be well sustained, with a small quantity of stock to dispose of, would droop exceedingly if any large amount should be suddenly thrown upon it. As is well known in London, and, as I should imagine, ought to be equally well known in Canada, there are many stocks in which a peremptory order to buy or sell even the small amount of £50,000 or £100,000 sterling would have sent the stock up or down, from 1 to 2 per cent., as the case might be. Moreover, the fact seems to have escaped observation that the quotations usually referred to are those of the old loan of 1874, a loan which, having run 2½ years, is necessarily more valuable and likely to attract the attention of large investing companies in preference to a similar loan which has thirty years to run. I am not, however, disposed to confine the case to mere general arguments. I have here a statement carefully prepared from journals of high financial repute—from the *London Economist* and the *Investors' Monthly Manual*—showing the actual quotations, after deducting accrued interest, (another matter which has been entirely overlooked) of the old loan, which, as I have shown, was preferable to the new. Now, Sir, on the 1st July the *Economist* quotation, (which I think hon. gentlemen will admit to be as high an authority as can be produced) showed that the actual retail price of our four per cents. varied from £90 6s. 8d. to £91 1s. 8d.—a quotation which was not disturbed during the entire month of July. In August it had risen to £90 11s. 9d., varying towards the close of the month from 90½ to 91½. The same state of things prevailed not only through September, but through the greater part of October, and only towards the close of October, through legitimate but accidental and temporary causes, did it range as high as 92½. The quotations from the *Investors' Manual*, deducting accrued interest,

and based on actual business done, show that the quotations varied from 90½ during two of these months to 90½ in September, and reached the maximum of 92 in the month of October. This is all the more important because, in each case, these figures represent the actual latest business done; and, though I am quite aware that one or two stray quotations may have ranged a point higher, I had very excellent reason to know that this advance was purely temporary and could not possibly have been maintained. Now, Sir, while I am on this matter, I ought to state to the House the fact that, so far from those gentlemen who engaged in this transaction having the opportunity of making a large sum of money at the expense of Canada, the actual fact was that, the moment the new loan was issued, the price of the old loan, (which, as I said before, is a preferable security) appears to have fallen to 91½, a rate at which, I need not remark, no possible profit would accrue to anybody who held the new issue; and it appears during the whole month of November never to have touched as high a rate as 92, (deducting accrued interest,) while during the month of December it varied from £90 18s. to £91 5s., these quotations being taken from the official markings on the Stock Exchange from the 10th or 12th November to the 31st December, 1876. To those who understand the meaning of these quotations, it will be apparent that it would be perfectly impossible for anybody to gain any wide profit out of our loan by purchasing into the new issue at a fixed price of 91, even deducting the allowances to which I have alluded; and, if any hon. gentlemen are desirous of maintaining that it is possible for any man—I do not care who he may be—I do not care what security he may be dealing in—to obtain anything like as high a price at wholesale for a loan of several millions sterling thrown suddenly on the London market, as he can for the same securities by retail, I would desire to call their attention to the circumstances under which a variety of loans were issued by other Governments doing business in the same market.

Country.	Date.	Amount of Loan.	Fixed at	Rate of Interest.	Quotations of previous issues of similar character.
Brazil	1871	£3,000,000	89	5 p. c.	97 to 99.
do	1875	5,301,000	96½	5 “	100 to 101.
Chilian	1873	2,276,500	94	5 “	97.
do	1875	1,000,000	88½	5 “	91 to 92.
Belgian	1874	1,440,000	75½	3 “	No quot'n. in England.
French	1871	88,000,000	82½	5 “	No previous issue.
do	1872	140,000,000	84½	5 “	84.85 frs. to 87.85.
Hungarian	1873	7,500,000	89	6 “	} 1st issue.
do	1874	7,500,000	91½	6 “	
Italian Tobacco loan ...	1868	9,404,762	81	6 “	No previous issue.
do	1869	5,200,000	73	5 “	84.
Russian	1873	15,000,000	93	5 “	96½.
do	1875	15,000,000	92	4½ “	96 to 98.
Swedish	1868	1,150,000	90	5 “	1st issue in England.
do	1876	2,000,000	96½	4½ “	97 to 99.
Norwegian	1876	1,320,000	96½	4½ “	1st issue.

Taking all the loans of any note whatever, which have been made during the period from 1868 or 1869 up to the present time, we find these results:—Brazil in 1871 issued a loan of £3,000,000 at 89—the market price at that time being no less than 97 for similar securities. These were, however, to expire in a fixed period of no great length, and, therefore, that quotation does not quite fully represent the actual state of things; but in 1875 that country issued an important loan for a larger amount at 96½; the then market quotations being from 100 to 101. The Republic of Chili about the same time issued a loan at 94, the current market price thereof being 97. It afterwards issued a loan at 88½, the detailed quotation being 91 to 92. Apparently the loan issued by the French in 1872 was placed at about 80. In the case of the Italian loan, which was issued at about 69, the difference was also very great. For that, I presume, there are special causes. In the case of Russia, in 1873, there was also a great difference. In the case of Sweden, in 1876, one or two loans were issued at 96½, the retail quotation being 97 and 99. The same remark applies to the Norwegian loan, made at nearly the same period as mine. The fact of the matter is this, Sir,—and it is thoroughly well understood elsewhere, and is, I may say, apparent on the face of it—

MR. CARTWRIGHT.

that it is quite impossible to obtain the same price at wholesale for any sum you may place on the market, by at least one or two per cent., as you can obtain in the small retail transactions on which these quotations are usually based. But, if my hon. friends ask for further proof, I think I might fairly refer them to the circumstances under which Mr. Tilley negotiated a loan in 1873. Now, it must be borne in mind that Mr. Tilley was able to present to the English market a security having very great advantages. Our four per cents., bearing the Imperial guarantee, are, to say the least of it, as good as any security which exists in London or any other part of the world. I desire to say, in the first place, that I am not in the slightest degree censuring Mr. Tilley for anything which has been done: I am merely calling attention to the circumstances under which he acted, and to the utter impossibility of obtaining as high rates for a wholesale transaction as for a retail operation, however good the security may be. Although it bore the Imperial guarantee, he was unable to obtain as much for it, within five per cent., as Sir John Rose obtained for the mixed loan issued by him in 1868-9, allowing for the discount on our five per cents at that date. The actual result was that Mr. Tilley netted about 102½, the retail price of guaranteed fours at that

moment, as any hon. gentleman can see by reference to the *Economist*, being from 104½ to 106, while I, who netted 90½ on quotations ranging from 92 to 93 at retail, got quite as close to the maximum price with my decidedly inferior security as Mr. Tilley was able to do with the loan he issued. I may mention another curious fact bearing on a point to which I heretofore called the attention of the House, and that is this:—that, whereas the real intrinsic value of Mr. Tilley's fours, when issued, was no less than £114, as contrasted with the then price of consols, which were 92, Mr. Tilley was unable, as the House will see, to obtain within twelve per cent. of the sum which he ought to have got, if we merely regard the actuarial value of the two securities,—the fact being that it is a matter of considerable difficulty in England to negotiate any loan at a premium, and such is the effect of long custom or of prejudice in the London market, that any new security, no matter how good the guarantee may be, is always very much cheaper than the old and better established ones. Now, I have already alluded to the fact that the loan of 1874 was a loan from which almost all the parties, who took an interest in it, derived very little or no profit. The House is probably not aware, but the returns of the Stock Exchange and other official documents will show that all through 1875, and the greater portion of 1876, our loan (deducting accrued interest) was positively at a discount—in one or two instances going to as low a figure as 86½. I am not disposed to inflict on the House another long list of those quotations, but I shall be happy to verify the statement either with the hon. member for Cumberland or any other gentleman who desires at his leisure to investigate it. As to the question of employing middlemen—in other words, as to the possibility of dispensing with agents and other intermediaries in London, in negotiating our loans,—I beg the House to remember that any country going to London to borrow money must, more or less, conform to the customs of that market. The London market is, to a very great extent, under the control of a corporation,

(I might almost say of a close corporation,) consisting partly of a number of very powerful capitalists, and partly of brokers and agents; and the position which the outside English investing public occupy in relation to Canada can be only described as one of great indifference, of which a substantial proof may be found in the fact that many English papers of large circulation do not insert Canadian, or indeed any colonial, securities among their daily quotations of transactions on the Stock Exchange. This, no doubt, is a matter to be regretted, and it is one which I hope to see remedied by-and-by; meantime, I think I would have been very much to blame if, under such circumstances, I had failed to avail myself of the ordinary means of placing our loans in the market. If I had done so, I would have run the risk of making a total shipwreck of the transaction. In fact, the whole question of employing middlemen and agents in London resolves itself, to a great extent, into a question of insurance. No doubt, under a peculiar combination of favourable contingencies, you can float a loan without the intervention of these agencies; but, in so doing, you are very much in the position of a merchant who sends a ship on a dangerous voyage with a most valuable cargo uninsured, and I did not feel it in the interest of Canada to run any risk at that moment, which I could fairly and honestly avoid. As to the other question, whether, even admitting all that I have said, it was a prudent act to issue the loan at a fixed price or by tender, I frankly admit that this is a fair question for argument, as is also the question of the employment of agents, but I repeat it is necessary in all such cases to pay some regard to the temper and preferences of the market in which you are dealing. Now, Sir, the same remarks that I made with respect to the question of issuing loans at wholesale prices, one or two per cent. below ordinary retail quotations, applies, and applies with even greater force, to this question of issuing at a fixed price and not by tender. Let us take the list already referred to, which is in fact a list of all the countries which have issued any loans of magni-

tude — that is, all the countries of good standing — for the last eight years. Brazil, in 1871, issued a loan of £3,000,000 stg., at a fixed price; in 1875, one of £5,500,000 at a fixed price; Chili, as I before remarked, did the same; the Belgian Government issued one of £1,400,000 at a fixed price; France issued her two large loans at a fixed price; Hungary issued its large loans in the same way; Italy did the same; Russia did the same; Sweden issued its loans, each of similar amount, at a fixed price; and, lastly, the Norwegian Government, almost at the same time that we issued ours, issued its (at a much cheaper rate to the investor than mine,) also at a fixed price. These loans exhibited every variety of difference in the rate of interest and in other particulars, but they presented one common point — that they were all issued at a fixed price and not by tender. I find that they were issued by houses of the highest reputation, by the Rothschilds, Baring Bros., Stern Bros., and others, and I put this question to the House:—Are we to suppose that all these countries and all these well-known houses are entirely mistaken in their judgment of what is desirable and wise, in dealing with the London market? Or are we to believe that these houses so well and honourably known in every exchange in the world, conspired together to defraud those who put trust in them? I repeat, Sir, that, although these loans differ in almost every imaginable particular, the House will find them all alike in reference to the important points,—that in each and every case the wholesale price is less than the retail price, and that in each case they were issued at a fixed price and not by tender. I need not say this was a point long and earnestly discussed by the agents and myself. I was aware of the prejudice that existed here on this question; and, if I could have done so with a due regard to the interests of Canada, I would have humoured the prejudice—groundless as I believe it to be. But I think that it will be found, on due examination, that there are only two cases in which parties may safely venture on issuing by tender. First, where, as in the case of a bond bearing the

Imperial guarantee, they have security so good that they are masters of the situation; or in cases where time or immediate success of the negotiation is a matter of indifference. As an appropriate illustration of the correctness of this view, I may state that one of the most important Australian colonies had occasion some time ago to negotiate a loan of £1,500,000. That loan was offered to the market by tender, with a sealed minimum. The tenders at or above the minimum only amounted to some £300,000. The minimum was then disclosed and tenders again invited, but only £300,000 or £400,000 could be obtained. After many efforts to float it, the loan was finally withdrawn, and the balance was taken up by the Australian banks, on private arrangements best known to themselves. I need not say that our case was directly opposite to this. Time was of vital importance, and any failure in the negotiation would have been attended with serious consequences to the credit of this country. As it was, we just escaped meeting with unpleasant reverses. Although no time was lost, although our prospectus appeared in the London papers the very moment that the armistice was agreed to between Turkey and Servia, yet, within twenty-four hours of the closing of the loan, the whole market was completely deranged by the speech made by Lord Beaconsfield, at the Mansion House, and replied to by the Czar of Russia next day; and I have the best possible reason for saying that it would have then been impossible to negotiate a loan on anything like the advantageous terms that Canada actually obtained. While on this question, I may repeat that the London Stock Exchange have taken the strongest possible ground against the issue of loans by tender at sealed minimums, and that I much doubt if it would be prudent to adopt that method of floating a loan, except perhaps in the case of Imperial guaranteed bonds. It is well known that, in the case of an open minimum, there is not much chance of getting more than a few shillings above the price named, and that there was but a very doubtful advantage to be gained in running the risk, as we certainly would have done, of

losing a great many valuable subscribers,—men whose names I desired for various reasons to see recorded on the list of subscribers to the Canadian loan. Unhappily, there seems to exist a rather serious delusion as to the readiness with which we can borrow money in the London Market. Doubtless, our securities are gradually creeping into a good position there; but, unhappily, the mere fact that money is plenty in London does not by any means insure success to a Colonial Minister of Finance in negotiating a loan there. Money is plenty in a great many cases simply because credit is scarce, and it by no means follows that it is therefore always easy to induce investors to put their money in a comparatively unknown security. I may add that there were certain special features in our case which I was bound to consider, and which this House was bound to consider. It is perfectly well known that Canada is not looked upon with a friendly eye by persons having great influence with the London press. More than once, during the progress of negotiations of previous loans, hostile articles have appeared in London journals of widely extended circulation; and I had good reason to know that, if there was much delay, we might be exposed to the same adverse criticism, to the very serious detriment of the operation. It must be borne in mind that it is as well known in London as it is here—at least by those interested in such matters—that a very considerable deficit in the revenue of the past year was inevitable; in fact, they had only to refer to my Budget speech to see as much. The depression which existed in Canada and all over North America was perfectly notorious, and would necessarily exercise an unfavourable influence upon this class of securities. The fact that we had heavy engagements to meet for various public works, and that we had a serious difficulty with British Columbia in regard to the Pacific Railway was equally well known; and, furthermore, we were weighted down by the circumstance that a very large amount of English capital, amounting in all to a sum very nearly equal to the whole of the national debt of Canada, is unhappily locked up in railway invest-

ments from which very little return is at present looked for. I need scarcely add that it was likewise known to many on the Stock Exchange that large masses of Canadian indebtedness were maturing within one or two years, and that other loans must be contracted for the purpose of paying them off. Now, Sir, bearing in mind the facts I have stated, and bearing in mind that, for months before and for months after the issue of this loan, the retail price barely ranged from 90 to 92 at the very outside, with perhaps the exception of one or two stray unimportant quotations, I must say it did but small credit to the good sense and patriotism of my critics to find that, without waiting for those explanations which I alone had the power to give, there were persons found indiscreet enough to attack not only my conduct in negotiating the loan—which they were perfectly welcome to do—but the personal honour of the distinguished houses which had been employed by me, as they were for many years by my predecessors, in conducting the financial affairs of Canada. Those attacks were dastardly, dishonourable and thoroughly to be deprecated; I trust before this debate closes there will be a universal expression of disgust at them from both sides of the House; and I desire to say, with reference to the houses of Baring and Glynns that, on both occasions, in 1874 and in 1876, every penny of our stocks which they took was taken up especially at my request, and at my earnest desire. They asked for none and wanted none. It was I who took the responsibility of inducing them to subscribe, for reasons which would induce me, under similar circumstances, to repeat the request. And I have to add that the special means which these firms have of ascertaining the true value of the stock, and the fact of their being very large subscribers, had a great deal to do with the success which attended this loan. That success was remarkable, and was attributable to two causes. First, to the precautions taken; and, secondly, to our good fortune in the choice of the moment of issue. I need not say that, in the present state of Europe, and in the state in which it was when I last

made my appearance in London, no man could say how soon the market might have been thrown into utter confusion, or when the present complications might have resulted in universal war, or how that contingency might have affected our chance of borrowing money at all. I hold that it is the very keystone of a sound financial policy for a country in our present condition with such large responsibilities, accruing and accrued, to be always well in advance, and never to allow ourselves to wait for the last moment for obtaining a loan,—more especially as it really costs this country very little, as I am always able to obtain nearly, if not altogether, as good a rate for whatever amount I have in hand as I have to pay to the lender. Moreover, Sir, another advantage of this loan was that it left no less a sum than £2,100,000 stg., Imperial guarantee, still in reserve, which may prove exceedingly valuable to this country, inasmuch as it is a security which I can always succeed in floating, no matter what difficulties or embarrassments may attend the negotiation of ordinary securities in the English markets or elsewhere. However, my main object is to correct two false impressions which I found prevailing on this side of the Atlantic. In the first place, I desire to correct the absurd idea that it is possible, under any circumstances, to obtain as much for a large sum at wholesale as at retail prices; and I desire to call attention to the falsification or misconception of the quotations which actually exist in the London market. Let hon. gentlemen take any recognized authority they will—whether the *Economist* or the *Investors' Manual* or the official markings of the Stock Exchange, and they will find that, with the possible exception of a few stray transactions, the whole current of the quotations of our loans is precisely as I have described. Now, Sir, any attacks made upon me can do me little harm, and I am perfectly able to defend myself here or elsewhere; and any attacks which may be made on the personal honour and integrity of the agents of Canada will do them very little harm. But I cannot but feel that they may do this country

very considerable harm; and it is on that account that I have deemed it my duty to indulge in this somewhat long and tedious explanation, in order that every hon. gentleman may satisfy himself that the advice given by our agents was fair and sound, and based on the true condition of the market. And I repeat that, before this debate closes, I hope that the right hon. member for Kingston, who, as the First Minister of the previous Government, must have been intimately acquainted with the whole of the transactions between Canada and these two great houses for a considerable time, will take occasion to disown the attacks which have been made upon the integrity of those gentlemen. If he does not, I am afraid even his silence may be construed into an endorsement of this most unfortunate attack on men who, both in former times and now, have done and are doing all in their power to maintain the good name and the credit of Canada. Perhaps, before finally disposing of this question, I may as well embrace this opportunity of explaining to the House the application which has been made of the large sums of money which have, at various times, been borrowed by this Government. We have borrowed in all—on three separate occasions—the nominal sum of £9,000,000 sterling, realizing an actual net result of \$41,000,000 or \$42,000,000. I find, on examining the Public Accounts, and those of my Department not yet produced, that it is accounted for as follows:—From the first July, 1874, to the first January, 1877, we have expended in all on the Intercolonial Railway the sum of \$4,173,000. We have expended on capital account for the Nova Scotia and New Brunswick Railways a further sum of \$922,000. For the completion of the Prince Edward Island Railway we have expended some \$1,018,000. On the Pacific Railway survey we have expended \$1,652,000; and on the works of construction therewith connected we have expended \$4,356,000, making a gross expenditure, on what I may call railroad account, of \$12,121,000. With respect to other public works, chargeable to capital, we have expended on

Mr. CARTWRIGHT.

the Lachine Canal, \$1,457,000; Welland Canal, \$4,296,000; and, on other canals, about \$1,238,000; on the completion of these buildings (the Parliament Buildings), \$629,000: and on what are known as improvements of the River St. Lawrence, conducted under the Montreal Commission, \$564,000,—making the total for other purposes \$8,184,000; or total expended in these two years and a half, \$20,305,000 on capital account. We have, besides, now in hand a sufficient sum of money to expend between \$6,000,000 and \$7,000,000 on the various works mentioned in our Estimates. And I have also made provision for the redemption of something like a couple of million of dollars which fall due within the next nine or ten months. We have, moreover, paid off debts or made advances to the various Provinces amounting to between \$16,000,000 and \$17,000,000, with this satisfactory result, that, whereas we have increased the charge for interest by about \$1,750,000 on the one hand, we have reduced it on the other by about \$930,000. In other words, the \$27,000,000 (composed of the sums now in hand, which we are about to spend, together with the expenditures which I have just enumerated), will cost this country very nearly three per cent per annum, which is not a very bad financial operation,—always admitting the necessity of constructing these works at all. Now, it is perfectly well known that I myself have never approved of the construction of all these works at one time; and, although I do not wish at this present moment to enter on anything like a political discussion, I must observe that I believe there is not a single one of the works to which I have alluded for which, or for the inception of which, the present Government can in any way be held responsible, with the exception of a certain part of the expenditure for the construction of the Pacific Railway. And now, Mr. Speaker, having shown to the best of my abilities the results of the general financial policy of the Government, and having given such explanations as I think the House can fairly demand at my hands, of the reasons which induced me to select the particular mode and price of issue of the loan recently effected, I ought per-

haps to add that, for obvious reasons, I have not hitherto stated to the House certain circumstances which came to my knowledge as to the difficulties with which we met in establishing our four per cents in the English markets. I would now repeat my assurance that these difficulties were neither few nor slight, and that we required not months but years of patient negotiation to overcome some of the most formidable of them. The only other point on which much further explanation is needed is with reference to the future position which we are likely to occupy, as regards both our ordinary annual expenditure and our capital outlay on those other great works which we are obliged to undertake or proceed with. It is extremely necessary in estimating the present position of this country, and in judging correctly of the policy which the Government are about to advise the House to pursue that we should bear accurately in mind the liabilities now existing, (or which will exist when the funds at present in hand are expended) as compared with those which we found impending at the time we assumed office. In 1874, counting from the 1st July of that year, I find that our liabilities up to 1880 were computed by me pretty nearly as follows:—I expected to be obliged to spend, on the completion of the Intercolonial Railway, a sum varying from \$6,000,000 to \$7,000,000, which I may say, is almost exactly the amount that has been or will be spent for this purpose, if the Estimates for 1877–78 are fully expended. I also expected that the task of completely repairing the Nova Scotia and New Brunswick Railways, as contradistinguished from the original Intercolonial Railroad, would require a total of about \$2,000,000, which I proposed to expend and have expended, partly from capital and partly from income. For the Prince Edward Island Railway, I estimated \$1,000,000, which has been slightly, though not much, exceeded, and their land grant would, I knew, require \$800,000 if they chose to apply for it. I estimated the expenditure for a great variety of minor public works then in hand, including the completion of the Ottawa Buildings, at something like \$4,000,000—and I fear that this ex-

penditure has rather over-run than under-run my estimate. I estimated that the cost of completing the Welland Canal, as from that date, would involve the expenditure of about \$10,000,000, and the Lachine Canal, of \$6,000,000 or \$7,000,000. For the Ottawa Canals, even without prosecuting them to their full extent, as was at one time contemplated, I knew fully \$2,000,000 would be required, and, for the St. Lawrence improvements and similar objects, I set down the sum of \$1,500,000. For the Pacific Railway, I was obliged to make merely approximate estimates, and these I placed at something like \$10,000,000. The advances to the Provinces on old engagements represented about \$1,000,000. I knew that we had a mass of debts maturing to the amount of no less than \$35,000,000, and I expected that the St. Lawrence Canals would consume a further amount of from \$6,000,000 to \$9,000,000. In other words, I knew that, between 1874 and 1880, the country would be called upon to contract loans either for the purpose of redeeming outstanding debt or for carrying on the public works then actually commenced, which would amount absolutely to \$81,300,000; or, if you include the last named items, to no less a sum than \$90,000,000. I knew also that the expenditure which might be incurred in the North-West Territory for the purpose of properly organizing and managing that great country—although then unknown—would certainly be very large; and that the mere expenditure for some years to come in running the Intercolonial and other railways would likewise consume a very considerable portion of the public revenue. Now, comparing the estimate as made in 1874 with the estimate I have before me of the probable expenditure from the year 1878 to 1880, I am able to congratulate the House and the country on the enormous reduction which is being made in this great mass of liabilities. I have every reason to believe that the total capital expenditure on the Intercolonial Railway proper will be entirely closed by that date (1878), though possibly a small balance may remain to be provided in the case of the Nova Scotia and New Brunswick

Mr. CARTWRIGHT.

Railways. The Prince Edward Island Railway, as well as the Prince Edward Island grant, has, as the House knows, been finally closed. Expenditure on minor public works, including the Ottawa buildings, will, I hope, be also closed before that time; and, as to the Welland Canal, the estimates which have been brought down, together with a small supplementary estimate, will come so near defraying the cost of the final completion of that great work that I am informed the sum of \$2,250,000, at the outside, will be all that will remain to be expended for that purpose, while the sum of \$2,500,000 will, it is expected, suffice for everything really required in the case of the Lachine Canal. The outlay on the Ottawa Canals and the St. Lawrence Improvement Fund will likewise by that date be closed, and, although I am unable to fix any absolute limit to the expenditure on the Pacific Railway, yet, bearing in mind the facts stated as to the large sum already expended, I think it a fair estimate to say that \$4,000,000 will represent the probable outlay from 1878 to 1880. Now, even allowing \$2,000,000 or \$3,000,000 for general miscellaneous purposes, I think that this result will follow:—That, as against absolute engagements in 1874 of \$46,300,000, we can say that, after 1878, we have provided for all save about \$11,600,000 against which I hold, intact and unbroken, £2,100,000 sterling of Imperial guarantee; and, as against the mass of debt of \$35,000,000, we only have thirteen millions of dollars remaining to refund, after deducting the sums for which I have made provision. With respect to the St. Lawrence Canals, I am of opinion, as is also my hon. friend beside me, after full consideration, that the expenditure on those works can fairly and reasonably be delayed for a short time without the least prejudice to the public interests. The general result of all this is, therefore, that, whereas, when this Government came into office, it was confronted with total liabilities amounting to fully \$90,000,000 (according to the programme laid down by the hon. gentlemen opposite), without taking into account the enormous ob-

ligations incurred if the Pacific Railway contract was to be carried out in its entirety, we have now a total amount of liabilities to be provided for rather under than over \$24,000,000, an amount which, if we only succeed in floating another small loan on anything like as advantageous terms as the last, is not likely to give us any considerable trouble. I might properly add,—because this is a very material point in estimating our present position—that we have every reason to believe that the estimate for the cost of governing the North-West has now attained its maximum, and that we will not be obliged to come down to the House, and demand any large addition for this service, unless some entirely unforeseen accident should occur. So, in the case of the Intercolonial Railway, it will be manifest, I think, to every hon. gentleman that there is reasonable ground for believing that that expenditure has attained its maximum, and that the receipts may be expected to increase from time to time, which amounts substantially, of course, to the same thing, so far as reducing the deficit for that service is concerned. Nor, Mr. Speaker, is this all. It will be observed, as I have said, that we have demanded a total vote of about \$23,170,000 for 1877-78, although, as I have explained, at least \$100,000, is merely a cross entry. The House may very fairly say: Suppose that you do expend, as on your own showing you expect to expend, this additional \$11,000,000, will you not be compelled to incur fresh outlay in providing for the interest thereon? Sir, for that also, I think I shall be able to satisfy the House sufficient provision has been made. If, as I said, I succeed in effecting another loan on the same terms as the last—of which there is a reasonable probability,—the reduction in the rate of interest on thirteen millions, coupled with the charge on certain sums now about to be discharged, will give a total reduction on that item amounting to no less than \$250,000. Then, as I have said, there is every reason to believe, that the losses incurred in running the Intercolonial Railway, (which, I may observe, now includes the whole system of the Nova Scotia and New Brunswick Railroads),

will be diminished in one way or another by a sum of at least \$250,000. The House will bear in mind that in making this statement I am not depending on increased receipts; I am merely calling attention to the fact that the sum of about \$250,000 is now charged as extraordinary expenditure, for changing the gauge and replacing the iron by steel rails,—an expenditure which, in the nature of the case, must very soon cease altogether, nor will it require to be renewed for a great many years to come.

Mr. TUPPER: What do you estimate the cost of working the railways above receipts?

Mr. CARTWRIGHT: The present dead loss to us is, as nearly as I can recollect, about \$550,000, including the cost of running the Prince Edward Island Railway, which will amount to above \$100,000.

Mr. TUPPER: You expect to reduce that by \$250,000?

Mr. CARTWRIGHT: By about that, owing to the fact that a large portion of the extra charge is caused by replacing iron by steel rails. My hon. friend, the Minister of Public Works, maintains that the estimated life of the steel rail very greatly exceeds that of the iron,—the former of which he places at from fifteen to twenty years as against six or eight in the case of the latter. That, of course, is a matter on which I am not in a position to give much information to the House. But the point to which I wish to call attention is that we have, in these two items alone, reasonably well-ascertained means of meeting the increased interest for the increased expenditure on capital account, to which I have alluded, without further charge to the people, while, if the expectations entertained (no less by hon. gentlemen opposite than by myself,) as to the increased commerce which may fairly be expected to flow through the Welland Canal when opened on an enlarged scale, are even approximately correct, I am warranted in expecting that some addition may come to the public exchequer from that source. The lowest estimate at which that is placed is \$250,000; and, looking at the fact that the canal pays

a considerable net revenue even now, when it is able to admit only vessels not exceeding 400 or 500 tons, there is really fair ground for believing that a considerable augmentation of the public revenue may be looked for from that source. But, that being an uncertainty and a matter yet remaining to be proved, I have not felt it wise on the present occasion to do more than call the attention of the House to it as a probable source of increased revenue; for which reason, likewise, I do not calculate on the additional revenue we may expect to derive from the increased receipts of the Intercolonial Railway. The House will therefore see that there are certain very important points which may be regarded as reasonably fixed in considering our present position. They will see that our total expenditure has, at last, attained a position which it is not likely to exceed for some time to come, always excepting such casual cross-entries as are caused by accumulating interest on Sinking Fund, which amounts to \$130,000, if not more, since 1874. With such exceptions, we are in a position to assure the House that an expenditure of about twenty-three millions and a few hundred thousands, more or less, either way, ought to meet the working expenses of Government. We have also so greatly reduced our absolute engagements, and so greatly reduced the amount of debt we are positively obliged to pay off, that I do not anticipate anything like the same difficulty in dealing with that question which I dreaded in the past. I think we have gauged with tolerable accuracy the extent of the depression up to the present time; although I must admit it is, unfortunately, yet a matter of some uncertainty as to whether the future depression may not even exceed the point which has now been attained. It is a question of some considerable interest whether the taxes which were imposed in 1874 did or did not diminish the importations to such an extent as materially to reduce the benefit accruing therefrom. I may say that, after giving the subject much consideration, I am inclined to think they did not; and I base that opinion on several grounds. In the first place, as the House knows, the

imposition of the additional two and a half per cent. *ad valorem* was neutralized, or nearly so, by the very great fall in the average value of the articles on which it was imposed; or, to put the matter in another shape, had the duty been specific instead of *ad valorem*, the country, without any nominal increase, would have obtained a very much larger revenue than it now does. The fact was that the diminution in values has cost us much more revenue in proportion than we got from the increase of two and a half per cent. duty. Moreover, I have caused special inquiry on this matter to be made by gentlemen of known authority, and, although they differ on minor points, all agree in believing that no serious diminution in importations has taken place from the imposition of that additional tax. I might add that we had pretty strong evidence on that point in the demand for the imposition for further duties for purposes of protection, which has been advanced by my hon. friend from Montreal West, and others, on the very ground that no diminution of imports had taken place, and to a certain extent in the testimony which was given by the hon. member for Cumberland on the occasion of the debate in 1875, in which the hon. gentleman admitted that such were the resources of the country that no hardship whatever had resulted from the imposition of the additional duty. Moreover, on examining the free list and the articles on which no alteration in duties was made, it will be seen that a corresponding reduction took place in importations, and that even to a greater extent in many cases. For these reasons I am strongly inclined to believe that no diminution in the total volume of our imports resulted from the steps taken by the Government in 1874, for the purpose of providing additional revenue.

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

After Recess.

Mr. CARTWRIGHT resumed. He said: Mr. Speaker, before the recess, I had taken the opportunity of explaining to the House my views on the

general position of the country at the present moment. I had stated to them certain reasons, which appeared to me valid, for supposing that we had probably seen the extreme point of depression, or, at least, very nearly the extreme point that is likely to be reached, and that we had a fair ground for hoping that we would not have any serious reduction on the revenue received last year (1875-76). I had also stated that, but for the unfortunate deficiency in the harvest which occurred last year, I had no doubt whatever that the expectations of the Government would have been fully realized, and that it would have been easy for us to have paid our way without having recourse to the disagreeable necessity of imposing any further burdens upon the people. Unhappily, as the House knows, the last year's harvest, so far from being a fair average, was decidedly deficient; and that calamity, coming on the top of an unprecedented depression in trade, did undoubtedly upset all reasonable calculations, and will, in all likelihood, inflict upon us a deficit, though a small one, in the operations of the current year. I think, on the whole, that it is expedient, taking all things into consideration, that we should take steps to supply that deficiency. The House knows that, no matter how it may be explained, no matter under what circumstances it may have arisen, a repetition of these deficits in the revenue would seriously affect our credit; and, for many reasons, it is obviously desirable that the credit of Canada should be maintained at as high a point as possible. Now, there are two things which it especially becomes us to consider at a time like this. I have always held that the Government of this country was not justified in imposing any duties whatever that the necessities of the revenue did not fairly demand. That principle I had occasion to expound at great length last year, and I shall do no more than briefly allude to it on the present occasion. It is obvious, also, that at a time of depression, it is desirable not in any way to increase the already serious burdens of the people of this country; and, in the proposals I am about to

submit to the House, we have endeavoured as far as possible to keep in view the necessity of meeting a deficiency in the revenue, and also of so re-adjusting the tariff that the net result shall either not inflict any loss at all, or at all events as small a loss as possible on the pockets of the general public. Now, Mr. Speaker, in conformity with my pledge to the House last year, it becomes my duty to consider in the first instance, the proposal of the hon. member for Stanstead, affecting the present duties on petroleum or coal oil. As to this, I may say, in the first instance, that it was a duty which I never liked, and would never have imposed myself, and which always appeared to me decidedly objectionable, though I did not consider that the general circumstances last year warranted me in opening up the tariff, and, perhaps, provoking a series of long and awkward discussions for the sake of a single article. Moreover, I felt then, as I feel now, that there was something to be said on the side of the refiners also. I felt that their complaints were not wholly unreasonable, and especially that their complaints as to the vexatious restrictions which necessarily attended the collection of any Excise duty deserved the attention of the Government. Sir, it is very well known to this House that it is impossible to collect an Excise duty without so interfering with the manufacture as, in many cases, to prevent valuable improvements and experiments from being carried out; and in fact it is laid down almost as a fundamental rule that every Excise duty is proportionately more oppressive to the manufacturer than a corresponding Customs duty of equal amount. As respects the amount of duty involved, I find, as nearly as I can calculate, that the total consumption of coal oil throughout Canada may be estimated at about 8,000,000 of wine gallons, that being the measure on which the duty is imposed. Of this total of 8,000,000, about 5,500,000 are manufactured in Canada, about 800,000 are imported, paying duty, and, according to the calculations of my hon. friend from Stanstead (which do not differ very widely from those of the officers of the Customs Department), probably double

that quantity has been imported into Canada without paying duty—

An HON. MEMBER: Smuggled.

Mr. CARTWRIGHT: As my hon. friend remarks,—speaking briefly—has been smuggled. I agree to a great extent with the hon. member for Stanstead that the loss to the country by this duty is decidedly greater than the amount of the duty itself. It is known that, in the case of duties bearing so high a proportion to the value of the article as the present duty on coal oil, you must add a considerable percentage for the additional loss inflicted on the consumer before it ultimately reaches its destination; and, therefore, assuming a consumption of 8,000,000 gallons, I am very much inclined to say that the position taken by the hon. member for Stanstead, that a loss varying from \$1,100,000 to \$1,200,000 was inflicted on the public, is not very much out of the way. My own opinion is that it is not quite so great, but that, nevertheless, a very serious loss is inflicted on the public. The Government, therefore, have carefully considered this whole question with a desire to reduce the burdens of the people as much as they could, and yet not utterly to wipe out of existence a Canadian industry which had grown up under the protection of the law as enacted by hon. gentlemen opposite. The conclusion we have come to is this:—We propose to abolish the Excise duty altogether, and to reduce the duty on imported petroleum from 15 cents per gallon, as it is at present, to 6 cents; and by this operation, I believe the people of Canada will be the gainers by the full 9 cents, and more, on every gallon of the 8,000,000 at present consumed. If we adopt my hon. friend's calculations, the saving to the people would amount to \$1,200,000. In my opinion, the people of Canada would be the gainers by at least \$750,000, and, as far as I can see, the loss to the revenue—because I believe the entire amount now smuggled would be brought in paying duty—would be only a little in excess of \$200,000. It is necessary for us, under existing circumstances, to take back an equivalent for that amount; and we desire to do that with the minimum of disturbance

to existing interests, and in such a way that, if better times come, it may be removed as easily as possible. So, therefore, as we are giving the country the benefit of a reduction of duty varying from \$750,000 to \$1,200,000, according to one or other of the calculations which I have submitted, we think we may fairly ask the country to recoup us by paying an additional duty of one penny sterling, or two cents per lb. on tea imported into the country. That would make us tolerably square, and restore the desired equilibrium, as far as it goes. But there is a certain deficit which it is highly desirable we should make good; so we have to propound for the acceptance of this House certain other changes, which, I venture to say, will disturb the current of trade as little as any alterations which would bring the required amount of revenue. The main change is one affecting the article of malt, and beer brewed therefrom. I impose that tax with some reluctance and can quite understand the objection of all English-speaking men to pay a further tax on beer; but, on the whole, we believe that our proposal will be in the interest of the country. We propose to put a tax of one cent per pound on malt, and three cents (or a trifle more,) per gallon on beer, if brewed from other articles than malt. That constitutes the main change to which we shall ask the House to consent; but there are certain other alterations, suggested by my hon. friend the Minister of Customs, which it is desirable to make; and these are mainly in the direction of a readjustment of the revenue, and, with one exception, cannot, I think be said to involve any serious additional charge on the consumer. It has been found, in collecting the revenue, that, under the tariff as at present worded, very considerable discrepancies exist in the duties collected on various articles. One man is found paying one duty at one port, while another pays a different duty at another port, and so great hardship is suffered by the honest importer; and in various ways there is a considerable loss to the revenue. Some of these anomalies we propose to remove, and in the following way:—We find, for example, in

Mr. CARTWRIGHT.

the article of cotton and linen thread, that the language employed in the Customs Act renders it, in practice, nearly impossible for Collectors to discriminate between those particular kinds subject to 10 per cent. and those subject to $17\frac{1}{2}$ per cent. (and it is very doubtful whether it will be possible to arrange the Act so as to avoid these discrepancies), from which cause the revenue is suffering considerable loss. For the purpose of avoiding this injustice and this loss to the revenue, we propose to place all these in the same list of unenumerated articles—that is, to remove them from the 10 to the $17\frac{1}{2}$ list; and I cannot understand very clearly why the distinction was originally made. Then there is a question which may touch some of my hon. friends more nearly. The Customs authorities have been subjected to considerable difficulty in dealing with the duty on cigarettes, and they think that, as the law stands, they should pay duty as cigars; but we intend to remove all doubt by expressly including them under the head of cigars. We propose—as many objections were raised at the time the tariff of 1874 was introduced, against the apparent injustice of taxing a low grade of cigars at the same rate as a high grade,—to subject all cigars to a specific duty of 50 cents per pound, and an *ad valorem* duty of twenty per cent., which will allow the low grades to be imported at precisely the same duty as at present, and, at the same time allow us to secure a little more, revenue. On the article of perfume, which is now paying several rates of duty, we propose to place a uniform rate of 25 per cent. *ad valorem*; and, as this is very clearly an article of luxury, I do not suppose hon. gentlemen will raise any very serious objection to this alteration. We propose also to remove the article known as tubing from the free list. The presence of this item on the list has caused considerable inconvenience, and considerable loss to the revenue. It is, in practice, almost impossible to discriminate between the various classes of tubing, and, therefore, we propose to make the duty on the whole of these articles $17\frac{1}{2}$ per cent. I am also informed that some considerable difficulty

in respect to the duty to be levied on certain parts of locomotives and tubular boilers has occurred from the same cause. I never could understand why this was placed on the free list, and I do not know any reason why it should not pay $17\frac{1}{2}$ per cent., as well as other unenumerated articles and other kinds of tubing. We have found, also, that very considerable fraud has existed in connection with the importations of wine, and that all sorts of charges, such as bottling, cartages, labelling, packing and things of that kind are placed in invoices, in such a way as to reduce the wine below the standard to which it properly belongs. We therefore propose to amend the tariff in that respect, so as to prevent these frauds occurring in the future. We propose to introduce an alteration in the law regarding packages, under which (not to delay the House by reading the clause, which is somewhat long), in certain cases therein provided, packages, when they contain goods subject to specific duty, shall be required to pay $17\frac{1}{2}$ per cent., and, when they contain goods subject to *ad valorem* duty, shall be included in the fair market value of such articles. These matters, however, may be more fairly and advantageously discussed in Committee, when these resolutions are in the hands of hon. gentlemen. I should say that, on imported malt, $2\frac{1}{2}$ cents per lb. is to be placed. The alteration in respect to packages has reference to the frauds that are at present committed in connection therewith. Perhaps I had better read the resolution.

Mr. WOOD: How are you going to manage in the case of the free goods? Will free goods make the packages free?

Mr. CARTWRIGHT: I am inclined to think that my hon. friend is correct—they do so. It has also been found expedient to alter the duty on ale, beer and porter imported from other countries. This we propose to make specific, in place of the present mixed specific and *ad valorem* duty, and we will put the duty at 18 cents per imperial gallon in the case of ales and porters imported in bottle, and 12 cents per imperial gallon in the case of ale, beer and porter, imported in wood.

There was one article that I omitted in the free list, cotton thread in hanks, coloured and unfinished, No. 6 ply, which we propose to remove from the free list to the 10 per cent. list. The duty on ales and porters is in fact a redistribution, a slight increase having been made in consequence of the duty we propose to impose on malt and on beer when manufactured in the country itself. Now, to put the matter briefly, the net result is this, that while the revenue will certainly gain a considerable sum—probably between \$400,000 and \$500,000, (a sum which I think will be sufficient to make good any deficiency that is likely to arise next year, even should our imports remain at their present low figure) we will, at the same time, put an end to the mischievous practice of smuggling, which is beginning to prevail, and, although we do take \$400,000 or \$500,000 out of the pockets of the people in one way under the operation of the increased tariff, which I propose to impose, they will nevertheless gain \$800,000 by the remission of duties on petroleum. So that the net result to the people of Canada will not be an addition, but a direct and considerable diminution of the burdens under which they are at present labouring. As regards our expectation of future revenue from these various sources, we estimate the Customs duty likely to be received during the year of 1877-78 at something like \$13,600,000; our Excise duties, which of course are diminished by the loss of the duty on petroleum, at about \$5,300,000; and our other receipts substantially as in the year before—that is to say: Stamps, about \$250,000; Post Office, \$1,100,000; Public Works, \$1,750,000; and Miscellaneous, from various sources, about \$1,400,000—making a total estimated income of \$23,400,000 for the year 1877-78. It will be seen, therefore, Mr. Speaker, that the Government has adhered strictly and rigidly to the policy they have heretofore laid down; that they are not disposed to add to the burdens of the people in any way or shape, unless the necessities of the revenue really require it at their hands. And, when we consider the depression which prevails elsewhere,

which prevails almost all over the civilized world, and notably in the neighbouring States, I think I have reasonable ground for saying to the House that, after all, severe as the depression has been, much as we have suffered, we certainly have not suffered more than—it is a question whether we have suffered as much as—the neighbouring people. Sir, as the United States has been held up to us as a model and example of fiscal policy, I would desire to call the attention of the House to the practical results of the policy which has been in force in that country for a considerable number of years past. In the first place, as there has been an extraordinary and unprecedented diminution in the imports to this country during the last few years, it may be as well to see how the United States have fared during a similar period. In 1873, the gross imports into the United States, as given in the quarterly report of the Chief of the Bureau of Statistics, amounted to \$663,000,000, falling in the succeeding year to \$595,000,000, in 1875 to \$553,000,000, and in 1876, to \$476,000,000. In other words, the imports into the United States have fallen off in three years nearly one-third,—in all, about \$200,000,000. And I regret to say that that diminution still continues, for I find that the gross importations into the United States during the three months ending September, 1876, only amounted to about \$102,000,000, as compared with \$127,000,000 in the corresponding three months of 1875. Now, Sir, it will be seen, from that brief statement, that, whatever misfortune may have overtaken this country, we, at any rate, are not one atom worse off than our neighbours on the other side of the line, who have enjoyed the benefits of a fiscal policy, which, according to some hon. members, is a panacea for all the commercial evils that can possibly overtake any country. I may add, that, if I were disposed to pursue that analysis further,—that, if we were to deduct from those imports to which I alluded the importations of such articles as tea, sugar and coffee, and of bullion, and make a corresponding reduction from the imports into our own country, we would

find that the reductions in American imports were even more marked in proportion than they are in the statement that I have submitted. And it may be as well, before I finally pass from this subject, to call attention to the fact that even the United States exports in 1875-76—of which we have also heard a great deal—do not compare at all disadvantageously for us with the exports from Canada during the same period. I find that the total exports from the United States during 1876 amounted to \$644,000,000, reported in mixed values as their custom is, of which about \$525,000,000 in gold were reported as the produce of the United States. Now, out of this \$525,000,000, I find that no less than \$493,000,000 (representing a gold value of about \$440,000,000) were made up of the following raw materials: bread-stuffs, \$132,000,000; cotton (raw), \$193,000,000; provisions of various kinds, about \$90,000,000; oil and oil cake, \$38,000,000; tobacco, something like \$23,000,000, and about \$12,000,000 of products of the forest,—while miscellaneous articles such as leather, quick-silver, tallow, coal, live cattle, etc., make up a sum of \$40,000,000 more. The net result is that the total exportation of manufactures from the United States, reduced to gold value, is very little more than \$53,000,000 or \$54,000,000, which, in proportion to our population, is rather less than the exportation of manufactures from Canada, which amounted to about \$5,320,000 of the same kinds of articles. If there is any advantage at all, it has been on the side of Canada, which is exporting quite as many manufactures in proportion to population and area as the people of the United States, notwithstanding the fostering protection they have so long enjoyed. And, Sir, if, deducting the article of coin and bullion, you compare our gross exports during that year with the exports of the United States you arrive at this result:—That our gross exports, making the requisite reductions, are about \$72,500,000, against theirs of about \$575,000,000, gold value,—in other words, the exports of Canada *per capita* are fully one-third larger than the total exports of the United States.

Indeed, I am not certain that the percentage may not be properly placed very considerably higher. It must be borne in mind that the reduction of the imports into the United States has taken place on a vastly smaller importation *per capita* than that into Canada, and that, at this moment, whereas the United States, with all their great advantages, are not exporting much more than \$11 or \$12 *per capita*, we in Canada are exporting at least \$18; and whereas they only import \$10 or \$11 *per capita*, we in Canada, even in a season of great depression, are importing about \$22 *per capita*. In other words, Mr. Speaker, our general trade is fully twice as great as that of the United States, and not only do we both buy more and sell more than they do in proportion to our population, but we sell and buy on better terms for ourselves, because the much talked of balance of trade in favour of the United States, although it may mean their slow recovery, may, and probably does mean, that they are paying a great deal more for the articles they are importing than they are worth, and may also mean, and probably does mean—as is freely alleged to be the case in regard to the exportation of certain manufactured articles—that they are encouraging an artificial commerce at the expense of the American taxpayer. Now, comparing the result of our fiscal policy with the result of the American fiscal policy, I say boldly, that so far as these figures show, and so far as the facts are known to us, they show we have no cause to dread a comparison. As for their home market, I have said before, and I now repeat, that the number of persons employed in manufactures in the United States is not greater relatively to population than, if indeed as great as, the number so employed in Canada. And not only do they not employ more men, but they do not, at present, at any rate, pay them one whit more. Indeed, I doubt much whether the purchasing power of wages in the United States is at all as great as that of similar wages in Canada; while, as to the condition of the general labour market, it must be a matter of common notoriety to every hon. gentleman in this

House, that, if there is (as unfortunately there is) depression in Canada, there is still greater depression in the United States; and if there are, unfortunately, men now unemployed in our large cities, in New York alone, on the other hand, it is reported that something like one-fifth or one-sixth of the entire male adult population is unemployed, and clamouring for employment at the popular expense. Now, I have never doubted in my own mind that a people so intelligent, so enterprising and so industrious as the inhabitants of the United States, and possessing almost unexampled natural resources of every imaginable description must naturally become a very important manufacturing people. But I doubt whether, in some important respects, they are taking the right way to secure their speedily acquiring this position. I believe, myself, they would have made greater progress in their whole trade, export and import, whether as regards manufactured articles or ordinary raw material, if they had adopted a system more closely analagous to the system we now possess. Taking into consideration the extraordinary severity of the strain to which Canada has been subjected, I am inclined to think we have not unreasonable ground for congratulation, when we remember that we have had to contend with a most extraordinary general depression, affecting our best customers as well as ourselves, and exasperated by an unusually indifferent harvest, at the very moment we have had to defray special expenditures on our public works and to provide for a great mass of debts maturing. I think the country may be congratulated that so dangerous a crisis in our affairs has passed without our sustaining any very serious loss. I hold that equilibrium is now being restored. Our credit has been sustained, and, more than sustained, and despite our deficit and the difficulties with which we have been loaded, our securities have obtained a better price than ever before, and, unless another such misfortune as the last overtake us in the present summer, we will be able without very much difficulty to weather the storm. If we are disappointed, the Government knows its

Mr. CARTWRIGHT.

duty and is prepared to do it. Canada has yet ample resources untouched to enable it to meet its engagements; and, although I trust I will not be compelled to again add to the public burden, still, if the public service demand it, I am sure the people of Canada will not allow their credit to be impaired. And, Mr. Speaker, allow me to say this, that had it been possible for us in 1874 to have foreseen the situation as now developed, could we have foreseen that within two years we would have had to contend simultaneously with a loss on importations amounting to about \$35,000,000 on a total of \$127,000,000, with a bad harvest, with four consecutive years of depression in the United States, and that, during such a crisis I should have been obliged to appear in the London markets on three successive occasions to negotiate loans to the extent of \$45,000,000; I would have said it was utterly impossible we could have escaped one quarter as easily as we have. Doubtless much caution is still needed—that given, I do not fear the result. I count, as I think I have a right to count, with some confidence, on a steady though gradual improvement in a young country like ours. That is almost a condition of our national existence, and has never disappointed reasonable calculations. My position is that the inflation which culminated in 1872-73 and 187-74, and the reaction which has succeeded it were both excessive, and that it would be as impolitic to believe that we will long remain in our present condition as it was impolitic to assume that great inflation as a sound basis for entering into those enormous engagements which I, to-night, have endeavoured to depict. If the country is content, as I believe it is, to atone for past extravagance and folly by the simple recipe of thrift and hard work, there need be no ground for apprehension, and the Government will endeavour to set the example of a reasonable and prudent economy. I admit that all these calculations are based on the average probabilities on which calculations, as to ordinary human affairs, are constantly based. I do not pretend to say, Mr. Speaker, that I can guarantee this country against the consequences of

another bad harvest or misfortunes of the like character. We may have a bad harvest, the depression in the United States may be prolonged, or hon. gentlemen opposite might return to power. Misfortunes never come singly, and one great misfortune might be followed by a still greater; but, otherwise, Sir, I believe that we are drawing moderately close to clear water, and, if it is not possible,—as undoubtedly it is not possible,—for us to escape from the position in which we found ourselves, without some loss or peril, the damage we have sustained is, all things being considered, very much less than might have been expected; and I hope, with some degree of confidence, that, on the next occasion on which I may be called to address this House, I may be able to congratulate it on seeing the deficit which now exists entirely extinguished, and our Treasury once more restored to the state in which for some years back it was happily maintained. Sir, I have the honour to move that you do leave the Chair, and that the House resolve itself into a Committee of Ways and Means.

Mr. TUPPER: Mr. Speaker, I am sure the House will concur in the statement of the Finance Minister when he opened this discussion to-night, that every member sitting either to the right or to the left must feel alike the deepest regret at the condition of public affairs which he has been obliged to pourtray; and, Sir, I think I can say that, in this House and out of it, many will be found who will feel more than great regret—who feel no little mortification—that the time has arrived in the history of Canada when it becomes necessary on the part of the Minister of Finance to make the statement as to the condition we occupy that the hon. gentleman has been compelled to make here to-night. I may say, Sir, that, at this decennial period of our existence—at the close of ten years of national life—we have lessons that I think it may not be unwise on the part of hon. gentlemen charged with the important duty of legislating for their country to calmly consider. We have a period of seven years of our national existence of unexampled prosperity, and no country in the world

presents a more brilliant example of what a country may achieve and what a country did achieve in such a short period as seven years. This has been followed by three years of adversity. But, Sir, we have these two periods, a period of unexampled prosperity and that which the hon. gentleman rightly characterised, a few evenings ago in this Parliament, as one of deep distress. Now, Sir, we not only have these two periods, but we have them separated by a sharp line of demarcation, and that line marks the change in the Government of this country, and a change of infinitely greater importance in the policy of this country. I want to ask the indulgence of this House while I draw their attention to the lesson which I think is taught us by a careful and candid examination of the different policies followed in the past and the present. At the close of seven years, Sir, the late Government were able to show that we had not only been able to carry on the service of the Government with the utmost efficiency, but we had also met every demand on the public service with the utmost liberality, so great, indeed, that hon. gentlemen on the other side of the House have not unfrequently characterized it as extravagance—I shall by-and-by come to the consideration of that question—and at a time when public demands were neither few nor far between, we were able to take from the current revenue a no less sum during that period than thirteen millions to apply to the reduction of our debt. Not only was this the case, but I must add to it, as precisely of the same character, the sums of money applied to the Sinking Fund, which is a direct reduction of the National Debt, and something like three millions is to be added on that account. Thus, at the termination of seven years, we could show to the people of this country that we had provided liberally for the public service, and that, while the wants and necessities of the public had been met on every occasion, the debt of Canada was lessened by some sixteen millions out of the current surplus revenue. Is it not worth while to examine for a few moments, the policy that led to that state of things? We had, it is true, only a 15 per cent. tariff,

but we had the highest tariff required in order to provide most amply for the public service, and it must not be lost sight of that this tariff represented a greater protection to the manufacturing interests of Canada than one of 20 per cent. would to-day. No person who knows anything of the condition of labour and public affairs in the great country alongside of us, which had just emerged from a serious war, can fail to appreciate the fact that the relative price of labour in Canada and the United States was then such as to give to a 15 per cent. tariff a much higher protection than 20 per cent. would afford in the present changed condition of things. And, when I refer to the protection afforded to the artisans and manufacturing interests of Canada, I must not forget, that part of our policy was that, while we imposed such duties on articles coming from abroad into competition with our manufacturing interests, we added largely to this protection by placing on the free list the raw materials our manufacturers were obliged to use. Further, where machinery that could not be manufactured in Canada was required by our manufacturers, we allowed it to enter free. So, Sir, it was the policy of the late Government to give all possible protection to the great manufacturing interests of Canada. Then, Sir, when we found that we had more revenue than we required, and the duty of lightening the burdens of the people was consequently imposed, how did we meet that emergency? By reducing the scale of protection? No. But we lessened the burden of the people by a step eminently calculated to foster our manufacturing industries, by removing the duty from tea and coffee, and these amounted to \$1,200,000 a year; this was a step in the interest of the employés of our manufacturers. Now, Sir, not only was this the case, but I will take the article of shipping—one of the great manufacturing industries of the Maritime Provinces, and one that has been referred to by the hon. Minister of Finance to-night, in such terms as will carry conviction of its importance to the mind of every member of this House. When the hon. gentleman told the House, as he did, and that correctly, that in ten

years the shipping of Canada had increased 65 per cent., he gave to the House some little inkling of the wisdom of the late Administration, when they adopted the policy of making everything which entered into the manufacture of our ships free, and thus fostering and protecting that industry in a manner attended with results of which the hon. gentleman is now enabled to boast. Then, Sir, having done all that was possible to be done in relation to our trade under the circumstances, and under the necessities of the case, and having found the result such as I have detailed to the House, the question of opening a free market for our fish came under our consideration, and by the Washington Treaty the tax which was imposed on the fisheries of Canada was remitted, and the markets of the United States were thrown open to the free ingress of one of the great staples of the Maritime Provinces—a staple which, taken in connection with the shipping interests of the country, the obtaining of a valuable mercantile marine, and the extending of the trade of the country, is scarcely to be over-rated. It is true that the terms of that treaty have not been observed, that we have not derived the advantages which the treaty promised to the people of Canada; but I shall have something to say about that by-and-bye. But, having adopted that policy, the millstone which had hung about the neck of that industry was removed by the late Administration, and the great markets alongside us were opened to the fishermen of Canada. Well, Sir, the policy of the late Government was not only to do what I have stated, but the fiscal policy on the other side of the line caused the adoption of a similar principle, and we made a successful struggle for the imposition of a duty upon articles imported into Canada from the United States, which, when imported from Canada into that country, were met by an almost prohibitory tariff. The result of that was that we were able to impose a duty on coal, and flour, and upon the grains that came into competition with the agricultural interests of our own country, and salt that came into competition with Canadian interests;

MR. TUPPER.

and what was the result? In the one short year that that policy was given to the people of this country, it was instrumental, I think, in teaching two important lessons and settling two important questions. When the late Government proposed that policy, they were met with the statement that is always in the mouths of hon. gentlemen opposite, that we dared not, and that Canada could not afford to protect her own interests against the United States. We were met with the threat that the United States would retaliate upon us, and so the interests of Canada would be injured. But, Sir, notwithstanding that, we were enabled to put it on the Statute-book, and instead of those predictions being realized, that one short year of its continuance was sufficient to enable parties interested in the development of the great coal mining industries of this country, to point triumphantly to the fact that no such injurious results followed, but that the American duties on coal were immediately reduced from \$1.25 to 75c., the duty on potatoes, of which there was a considerable export from the Maritime Provinces, was largely reduced, and so was that on lumber and other articles, and, instead of the policy resulting, as predicted by hon. gentlemen opposite, as an injury to the revenue, the result proved to be entirely the reverse, and, while Canada derived \$800,000 of revenue upon those articles sent by the United States into this country, we saw an immediate amelioration of the tariff which existed then, in favour of Canadian industries. Now, Sir, we also adopted the policy of vigorously pressing the construction of public works. The hon. gentleman opposite, in his statement to-night—and I was sorry to hear him do so—has spoken in terms of disparagement of the railway undertakings of this country. The hon. gentleman intimated that people who invested their money in promoting the railway enterprises of Canada would lose it. I say it was an unpatriotic statement for the hon. gentleman to make.

Mr. CARTWRIGHT: They have lost it.

Mr. TUPPER: The hon. gentleman says they have lost it. It may be true that, in some ill-advised and badly

managed undertakings, money has been lost, but I say, where would Canada be to-day but for the money which has been brought into the country for its development and for the construction of its railways? I tell the hon. gentleman that a large advantage has accrued to the people of Canada from the prosecution of its public works, and in consequence of the expenditure of British capital; and he would be in a worse position even than he is if it were not for the fact that foreign capital has been introduced into this country. We felt, as we feel now, that these public enterprises should be engaged in, and I think, before I sit down, that I shall be able to show the hon. gentleman that he has gone back upon himself, and that the day is not so far back when he found it convenient to state, in a most authentic manner, to capitalists of Great Britain, the great advantage that accrued to the people of Canada from the construction of public works. The House knows very well that one of the engagements entered into on the Confederation of these Provinces was that, so soon as the position of the country would permit it, we should enlarge our canal system and open up the North-West. The hon. gentleman has now come down with a speech, and he is responsible for it, which indicates that the Government of this country is to shut down on its half-completed policy, and not to keep good faith with its people, as the Parliament of this country provided. There was another feature of our policy, and it was intimately and closely connected with the portion to which I have alluded—I allude to the policy of immigration. I can point with pleasure to the fact that under the hon. gentleman who sits near me, (Mr. Pope) and his policy, this country obtained most valuable results. I can point to the fact that his policy was attended with results much more beneficial than that of the Administration of the hon. gentleman opposite. Our policy was to bring people into our country, and to furnish employment for them when here. And that is the only policy by which Canada can hope to attain to any position of importance in the world. If we are

left to the ordinary natural increase of population, we must go on slowly, but the only conceivable means by which Canada can take the position that nature evidently intended she should occupy is by a large and extended immigration, and by giving work to people when they come here. There are the fertile millions of acres in the North-West, which are at present untrodden and unused, for them to occupy. I say the Government of Canada forgets its duty to the people if it does not give to the question of immigration the prominence which it deserves. Now, sir, what has been the policy of the Reformers, as they call themselves? They have reformed all this.

Sir JOHN A. MACDONALD: Deformed.

Mr. TUPPER: My hon. friend to my right says they have deformed it. Those who look at the accurate picture I have drawn of the country, when hon. gentlemen opposite came into power, and at the picture portrayed by the hand of the Finance Minister to-night, must feel that the change is one of which this country has no reason to be proud. What is their policy now? Their policy did not require to be developed when they took their places on the Treasury benches, for, previous to that, they almost to a man had combined to defeat a small measure of protection obtained on products coming from the United States. At the very hour at which my right hon. friend beside me was engaged as a Commissioner of Her Majesty, endeavouring to obtain reciprocity for Canada, which was of the greatest importance to us, they combined as a party, with every gentleman they could obtain from this side of the House, to strike down his arm, to paralyse it, at the very moment he was most likely to obtain reciprocal trade to a large extent for the people of Canada. That was the first fatal development of the policy they have followed up from that hour. When we had done what I have described in advancing the interests of the people of Canada, when this country was united from sea to sea in one harmonious whole, we felt it was incumbent on us to endeavour to accomplish the construction of easy

and rapid means of communication from one end of the country to the other. We therefore took up the Pacific Railway as a means by which we could extend and continue a policy having for its object the prosecution of public works, which has been found to be so successful in our country, and a scheme was propounded by means of which a hundred millions of foreign capital would have been drawn into Canada, and hundreds of thousands of immigrants would have been annually brought into the country, which would have developed its trade and business as nothing else would develop it. How were we met? Those gentlemen then sat on this side of the House, and every member in the House now here and who was in it then, knows there was no obstruction they could throw in the way to thwart that policy that was not resorted to. They went to the country at the general election in 1872, denouncing the late Government for attempting to carry out the construction of the Canada Pacific Railway, although it had been definitely fixed that the work must be performed by a company, and the payment was placed at thirty millions of money and fifty million acres of land. Is there a man in Canada—there is not one in this House—who will not say that one of the greatest possible boons would have been conferred on the country by the construction of the Canadian Pacific Railway on the terms proposed, whereby we would have made emigration agents of thousands of people on the other side of the water, who would have become interested in the construction of that road by having invested money in it. There is not a man in this House who does not feel that a Government which would have accomplished such a boon, or to-day could accomplish such a boon, would be worthy of the regard of its country as having contributed in the highest degree to its advancement. These hon. gentlemen, I say, opposed and obstructed us in every possible way, both in the House and out of it, and that successfully. When the project was likely to be floated, when leading capitalists and engineers had undertaken to obtain money for the work and engaged in its prosecution, a hue and cry

Mr. TUPPER.

was raised throughout the country, and means were adopted to throw such discredit on the whole enterprise as to break it down and render its accomplishment for the time impossible. That was another step in the policy which the hon. gentlemen opposite adopted, and which has resulted in placing Canada in the disastrous position they are obliged to confess she occupies to-day. What was the next step? The hon. the Minister of Finance had said to-night that the unpleasant duty of proclaiming a deficit had devolved on him for the first time. This is not the first time he has announced a deficit. When Canada was prosperous, when there was no reason for doubt as to the confidence which commercial men entertained as to the condition of the country, the hon. gentleman anticipated the duty which he has honestly performed to-night, of proclaiming a deficit which never had an existence except in his own fertile imagination. The hon. the Minister of Finance regretted that there was no gentleman of equal eminence to whom he could address himself. He seemed to regret there was no gentleman on the Opposition side of the House who had occupied the high and distinguished position of Minister of Finance, to whom he could address the able argument he was offering for the consideration of the House. I sympathize with the hon. gentleman, especially when addressing his argument to this House in regard to the loan he had attempted to justify, but which it would require a Minister of Finance in order to feel that the hon. gentleman had extricated himself and satisfied the House that he had acted wisely in the matter. But there are those in the House who are able to instruct a Finance Minister. The hon. gentleman has himself told the country that the hon. member for Stanstead brought forward a proposal to save some \$1,200,000 per annum to the people, and he rejected it; that he mustered his supporters, and voted down that proposal to which, in another year, he was compelled to submit. I need not adduce any argument on that question; he has himself admitted it. I read, moreover, in the hon. gentleman's speech in another Session, that his declaration of a deficit of three

millions, made on the 1st of July, was a mistake. His own statement in the Budget speech of two years ago set forth that the three millions of additional taxation were imposed not so much to meet any deficit that then existed, but to meet further obligations. So, also, the Minister of Justice at Walkerton, I think, or at all events in one of those orations with which he favoured the country, and which he would give a good deal to-day if he were able to recall—

Mr. BLAKE: No.

Mr. TUPPER: He does not require to be reminded of the old saying, "O that mine adversary had written a book!" The uppermost sentiment in the heart of the Minister of Justice must be, "O that I had not been so much my own enemy as to make a speech!" But he did make a speech; he said: What reason had the people of British Columbia to complain? Had we not added one-sixth to the whole taxation of the people of Canada for the purpose of constructing the Pacific Railway? The whole case was given up by the hon. gentleman, for he admitted that instead of additional taxes of three millions being levied to meet a deficit that existed, it was levied for the purpose of constructing a Canadian Pacific Railway. If any further evidence was required, it would be obtained in the deficit now admitted. What did I tell the Hon. Minister of Finance a year ago? I showed him what sort of a deficit he would have to face if his contentions in 1874 had been sound. I showed him that during the last three months of the year the revenue and expenditure about balanced each other; I showed him that we had a surplus at the end of nine months of 1873-74 of \$126,000, and that he would have had that amount, if not more, at the end of the year, just as now he had no greater deficit on the 1st of July than existed when he brought down the Budget on the 1st of February. I need not occupy the attention of the House with this matter; but the hon. gentleman gave a rude shock to the confidence which commercial men had felt in regard to trade matters, and one which did much to bring about the disasters which

have followed. The hon. gentleman has ventured to say that I expressed qualified approval of the tariff he brought down in 1874. Everyone knows that I am not often guilty of expressing approval of the hon. gentleman's acts, and I tell the hon. gentleman that, before I admitted that those \$3,000,000 of additional taxation had been drawn from the people without a great deal of distress and injury, I must remind him that the House had taken the liberty of modifying, changing and altering the tariff proposed by him in about thirty particulars, and it was no more like the crude and indefensible proposal he submitted than day is like night. But the hon. gentleman followed that futile policy, to which he now blindly adheres, in the face of all these facts, instead of attempting to meet the changed and altered condition in which our manufacturing industries were placed by the altered position of affairs in the United States. He was compelled to give the people $2\frac{1}{2}$ per cent. additional to the tariff, instead of $1\frac{1}{2}$ per cent. which he proposed. The hon. the Minister of Finance has spoken to-night in glowing terms of the magnificent shipping interest of the Dominion, of which every Canadian is justly proud. But what was one of the hon. gentleman's first acts at that time—just at the time when that great and important industry, especially to the Maritime Provinces, was feeling a certain amount of difficulty and embarrassment? He submitted a policy to impose a duty of no less than one dollar per ton on every ton of shipping built in the country. Fortunately, the good sense of the House was sufficient to defeat him, and to reduce the duty to some 20 cents per ton, but we have not the Finance Minister to thank for that modification, but the greater wisdom of hon. members who compelled him to admit that, though they had not occupied the position of Finance Minister, yet they were able to teach the hon. gentleman something in relation to his own Department. Then, in regard to machinery, which had been admitted free to foster the manufacturing interests of the country, at the very time when trade was beginning to become embarrassed on account of the changed

condition of labour, the hon. gentleman's Government imposed a tax upon machinery which had been previously brought into the country without the payment of duty. As if further to prostrate and bring down that which had been giving the greatest possible benefit to the people in connection with the trade of this country, the hon. gentleman took the raw materials, which they had been previously allowed to bring in free, in order to manufacture their fabrics and other articles, and imposed a duty on them. I call the attention of the House to this matter because I believe that if the hon. gentlemen on that side of the House will give that careful consideration to these questions which I believe they deserve, the result will be that the fatal policy which has already brought about most disastrous consequences to the people of this country will be arrested and changed. Then, when the hon. gentleman required more revenue; when the necessities of the country required, according to his own showing, that he should obtain an additional \$3,000,000 by the increased taxation which he had determined to impose and did impose upon the people of this country, he could have done it and at the same time could have expanded and continued the fostering consideration for the interests of the people of Canada which they required at his hand, and which, if given to them, would have resulted in the greatest advantage; but he taxed the articles of tea and coffee, which had up to that time been free; and thus increased the cost of labour, because he increased the cost of living to every employé in every manufacturing institution in Canada. If he had so adjusted the tariff as to give the fitting protection demanded by the resolution of my right hon. friend last Session, he would have avoided the disastrous effects which have followed, to a very great extent; but instead of that, a tariff was framed in such a way as to impose every conceivable burden and depress every industry. Though it was improved and amended to a large extent, it still had defects of a very serious character, and was entirely different from the policy pursued by the previous Gov-

ernment, which had admittedly been attended with so great benefits to the country. Then, Sir, as to the Pacific Railway, I ask hon. gentlemen opposite what they think of their policy now. The whole people of Canada and this House had taken bonds from these honourable gentlemen that they would not deviate from the sound policy of the previous Government in relation to the Pacific Railway; they had given pledges and made promises that the road should never be constructed in any other way than by a company, aided by a grant of lands and money. What did the hon. gentleman do? Without any authority from Parliament, without any authority from the people of this country, no sooner was the first Minister clothed with the insignia of office, no sooner was he intrusted with the affairs of this country, than he went to Sarnia, abandoned his pledge to the Parliament and the people of Canada, and declared the resolution of the Government to be not to do this work by the agency of a company, aided by grants of lands and money, but by the Government. That was a rude shock to the confidence of the business people of this country, to that confidence which is the life-blood of trade and business. I have already referred to the immigration policy of this Government. That is virtually abolished. It is now an emigration policy. Indeed, Sir, I was surprised not to find a vote proposed in the Estimates to send people to Europe instead of bringing them here; that after the policy which the Government had proposed, and the unfortunate results of that policy in the condition to which Canada was reduced to-day, they do not yield to the demands of the hundreds of people who are left without resources to send them back to the country whence they have come. You have only to look at these points to see what it is that has clouded the whole commercial and political horizon of Canada, which has changed that beautiful picture on which every one delighted to gaze, of the prosperous condition of our country, and substituted one which no patriotic Canadian can look upon without the deepest regret; that under such great mismanagement the country should present a picture

so different from that which she exhibited before. We have not received from the Washington Treaty what we had a right to hope for; but does not every one know that instead of taking up that treaty and pressing it to its legitimate conclusion, instead of pressing for the payment of the millions which the United States now owe to this country, the present Government adopted a policy the very reverse. They sent the Hon. George Brown to Washington, to go upon his knees to the people of the United States, and pour into their ears the tale that we had been so long compelled to listen to from gentlemen in this House, that we were suppliants to the people of the United States for permission, commercially, to exist. They sent him with proposals which were of a character to indicate that all the United States had to do was to persevere in their restrictive policy, and keep us out of their markets, so as to get the trade of Canada first, and afterwards the whole country itself. Can any one be surprised that under these circumstances the trade of this country was convulsed? There was not an industry in Canada but, after the publication and announcement, the glowing announcement of what was going to be accomplished by this—happily for Canada—abortive attempt to transfer the interests of this country to another,—I say there was not an industry in Canada that was not paralysed and largely injured by that abortive attempt, and what more, Sir, I ask? Why have we not received the millions which, under the treaty, we are entitled to to-day? I say it is because the Government of the United States know that the Treasury Benches in Canada are occupied by men who hold entirely different views and opinions in relation to our connection with the United States of America from what were held by the gentlemen who formerly occupied them. How could Canada hope to gain any consideration from the Government of that country when one of the first statements made by the Prime Minister of Canada, as Prime Minister of the country, was a declaration to the world that under that treaty nothing could be obtained. I want to know what hope we can

have in connection with a matter in regard to which the First Minister of the Crown has unfortunately so failed in his duty to the country as to publicly, and in a way to be carried to the United States Government, make the declaration that nothing could be obtained. Is it any wonder they should refuse to give us what they owe us under the treaty and what, under the treaty, they are bound to give, when they know the hands the Government of Canada is in to-day, and that it being in such hands they are masters of the position. I have glanced at the policy of the former Government; I have glanced at the policy of the party; I have glanced at the policy that the hon. gentlemen opposite have pursued and its disastrous results. With the result that at the end of three years all remedy for the condition of things to which I have referred is refused. At the end of three years, instead of showing millions applied from the public revenue to reduce the public debt of Canada, they show that, after using all the revenue of the country, they have increased the public debt over two millions, according to the Public Accounts brought down to this House, as any hon. gentleman will see at once who observes that the mark *minus* supersedes the mark *plus*, which appears in all former accounts—\$2,000,000 over and above the capital expenditure of the country. But that is not all; that does not represent, as the Minister of Finance knows, the great change, the great distress which has come upon Canada. The hon. gentleman knows that instead of there being a deficit of \$2,000,000 there is a deficit of over \$5,000,000 to-night. He knows that he levied \$3,000,000 of additional taxes on the people of Canada, and he knows that this amount, which was intended to be applied in building a Canadian Pacific Railway, is all gone; not a dollar of it remains, and no Pacific Railway is built. No; this magnificent scheme of a Government Railway, the hon. Finance Minister tells us—and it seems to be a matter of boast with these gentlemen, how much they can spend in surveys—they place it in the Governor General's Speech as the great crowning effort of the Administration, that they have been able to spend

more money on surveys than any Government had ever been able to spend before. If we had had as many persons pressing us for places as they have, I do not doubt we could have spent as much. The hon. gentleman has spent all this money, but with what result? That, as the hon. gentleman boasts to the House to-night, Canada's debt has increased six millions during the past two years, for the building of a Canada Pacific Railway that is not yet begun—when I say not begun, I mean to say that no practical step has been taken for the accomplishment of the whole work; that having been taught the folly of departure from the policy of the former Government; having announced a few months ago that they would ask for tenders for carrying out the work in the same way as we proposed, they come down to Parliament and admit that they are not even in a position to ask for tenders for the construction of a Pacific Railway. And yet he can boast that they have spent six millions of money on that work during the past two years. Do they remember that in the elections of 1872 they proclaimed throughout Canada that we were going to destroy this country because we proposed to give thirty millions for the construction of the Canada Pacific Railway, without any further responsibility, risk or obligation on the part of Canada? And yet they boast that one-fifth of that thirty millions they have been able to dispose of within two years, while they have not taken any practical step for the construction of the whole railway. After putting three millions of taxation on the people of Canada, they come down to-night and tell this House the melancholy tale—the “o'er true tale,” that the money was all spent, and that they are obliged to add two millions more taxation. I was glad to hear my hon. friend the Minister of Finance, say that the resources of Canada were not yet exhausted. Well, Sir, he is exhausting them, I think, as fast as he can, but I must remind him that he has changed his opinion on that subject. I must remind the hon. gentleman that in that lugubrious, that delusive statement which he made to this House when he

Mr. TUPPER.

was first entrusted with the duties of the high office which he now holds, he made this statement to the House: "I do not think that more taxation could be safely resorted to." Why not? He brought down his tariff and imposes three millions of additional taxes, and he tells the House that he had touched the limit of taxation. But he went further, he said not only "I do not think that more taxation could be safely resorted to," but he also said—"Nor do I think that we should be called upon to consider the question of raising any great amount by direct taxation." Now, Sir, the hon. gentleman seems to have changed his mind. What is the cause of this? Has he altered his opinion because the country is more prosperous than it was three years ago when this statement was made? Is it that which inspires him with the hope that he may still be permitted to go year after year to the money market of the world to negotiate loans, and that he will still be able to assure the capitalists of the world that he has yet, untouched, large resources of taxation? Now, Sir, I wish to say that when the hon. gentleman tells us that if this had not been, and if that had not been, he would have forecast the condition of the country very accurately, he is trading very largely upon the credulity of the House. Whenever the hon. gentleman begins to forecast the condition of the country, I put my pen down. I look upon it as a waste of ink and paper to put down any suggestion the hon. gentleman makes in reference to the future, and I will give the House briefly the grounds on which I make that statement. The hon. gentleman not very long ago—I have the statement in my hand—stated that last year would give us \$25,250,000. Well, Sir, I think if he deducts the amount that was obtained, \$22,587,587—a mistake of \$2,662,413—he will come to the conclusion that it is not very safe to forecast the condition of affairs; but I wish to draw the hon. gentleman's attention—I now speak, not of the mistake, which the hon. gentleman makes, and which I freely acquit him of any intention of making, because I am quite sure the hon. gentleman would not venture upon a prophecy in this House

when he knew that a few months, or a year at most, would show it to be entirely fallacious—I freely acquit him of any intention of misleading the House, but I want to draw attention to the fact that for two successive years I have called the attention of the hon. gentleman to the fact that the papers published to the people of the country from his own Department are utterly fallacious and misleading. The Government are obliged to publish a monthly statement of receipts and expenditures for the information of the people of Canada, and no public man who is following the course of public events, can intelligently forecast the future, can intelligently study the condition of the country, unless some reliance can be placed in those papers issued from the office of the hon. gentleman himself, from the office of the Auditor, who is an officer under the hon. Minister of Finance. I pressed the hon. gentleman here a year ago again and again, when he was forecasting the future, to tell us where we would stand on the 1st day of July, 1876—that was only three months ahead. Did any one ever hear until the last Session of this Parliament of any Finance Minister in the world over undertaking to deliver a Budget speech and so failing in his duty as to refuse to give the slightest statement as to the position the country would occupy three months hence, and yet I pressed the hon. gentleman over and over again, for the best of reasons, to give such information, and he declined to do so. The hon. gentleman, standing as he did in the position of Minister of Finance, could not afford to tell the House what he knew to be the truth, what every intelligent man of this House knew to be the truth, that the year would close with a deficit somewhere in the neighbourhood of \$2,000,000 if not more—but that could not be extracted from him. We have had statements of the expenditures and income printed monthly and signed by Mr. Langton, the Auditor-General, which were utterly false and misleading—I want the hon. gentleman to explain this to the House; I want him to justify it if he can. I challenge him across the floor, if he did not pledge to the House that those blunders and mis-

takes should not occur again, and why, at the close of the financial year, the *Gazette* shows a surplus of \$1,082,813 instead of a deficit of \$1,900,785, which is now admitted.

Mr. CARTWRIGHT: I will explain to the hon gentleman. The hon. gentleman is making a disingenuous statement, and one which, in fact, coming from a man who has occupied the position as Minister of the Crown, is not quite fair. He knows perfectly well that no *Gazette* statement ever published went further than to give expenditures as reported to the audit office. These statements are no doubt literally true, as the expenditures reach the Auditor-General. It has never been the practice in Canada, nor is it desirable that it should be the practice, to go on to the close of the year giving estimates of the expenditure brought down in the public accounts.

Mr. TUPPER: I would like the hon. gentleman to tell the House what those statements are published for. Is it to deceive the House? Is it to deceive the country?

Mr. CARTWRIGHT: I must call the hon. gentleman to order. He has no right to impute intentions to deceive the country. He knows precisely that the same statements were published under his own *régime* for many years.

Mr. TUPPER: I tell the hon. gentleman that he is mistaken. When my attention was first drawn to the discrepancy in the public accounts, I went to Mr. Langton and called his attention to it. I told him I was satisfied that it arose from negligence, by putting capital expenditure to account of expenditure under the consolidated fund. He told me he would look into it, and he subsequently informed me that was how the mistake occurred. It was a mistake where the expenditure was largely in excess of the expenditure of the country. The hon. gentleman should not put words into my mouth. I asked him if it was intended to deceive the country. It does deceive the country; it does deceive me and every member on both sides of the House who take sufficient interest in the affairs of the country to examine the

figures. I say take out the statement from the *Gazette*, and never let it appear again, unless it is a statement on which some reliance can be placed. The statement I say is misleading to the country, and I should not have had to wring from the hon. gentleman the condition of affairs that would exist on the 1st day of July, which he ought to have given without a suggestion from anybody. I find a remarkable coincidence in relation to it—I will not say more. There was a mistake in reference to the public accounts of Canada published in the *Gazette* up to the 1st July last to the extent of \$2,983,598. A surplus is declared on the 1st July, 1876, in the *Gazette*, of \$1,082,813, instead of a deficit of \$1,900,785. The hon. gentleman may say it is ingenuous, but I say a more disingenuous statement was never made by any Government. There never was a graver ground of complaint as to public documents either by this Government or any other Government. The hon. gentleman promised to see to it.

Mr. CARTWRIGHT: I beg to contradict the hon. gentleman's statement most emphatically. I did not promise to alter or correct the regular returns as they were always given.

Mr. TUPPER: Did not the hon. gentleman promise to see to the matter?

Mr. CARTWRIGHT: No.

Mr. MASSON: You did!

Mr. TUPPER: I beg to say the hon. gentleman did, and I can appeal to the House on both sides whether he did not, many of whom must have a distinct recollection of it as the hon. member for Terrebonne, and I say the hon. gentleman has forgotten what he has promised.

Mr. CARTWRIGHT: I have not forgotten.

Mr. TUPPER: I am afraid, Sir, that the people of Canada must have come to the conclusion that the hon. gentleman has forgotten a good many promises made. Well, Sir, I want the hon. gentleman to tell the House why, if he was unable to forecast events three months ahead, he committed the folly of taking up the time of this House in forecasting fifteen months

Mr. TUPPER.

hence. I want the hon. gentleman to tell the House of what value is his statement if he is not to be bound by his own declarations which he has not reiterated here to-night as to what the deficit would be, and as to the remedy. I will not venture to make the statement from memory, as the hon. gentleman seems so forgetful and may deny what I will say. I will, therefore, read it from the Budget speech, as reported in *Hansard*, and corrected by himself. It was when the hon. gentleman was making a speech in this House on the Budget—the Budget speech—when he gave his reason for the imposition of \$3,000,000 of taxes. He gave as his reason, Sir, that the credit of Canada would be broken if we had a deficit at the end of three months.

“He repeated the fact was precisely as he stated, that had there been no additional taxation, there would have been a clear deficit in 1874 of one and a quarter millions, and in 1875, of probably two millions. We would have lost control of the market and the scenes would have been again repeated—scenes which the people of this country had not forgotten—which we witnessed in 1866, when Sir A. Galt was obliged to inform the House that he was unable to borrow money on Canadian Bonds at 8 per cent. per annum. He would ask the House if they had forgotten that in 1866-67, our five per cents., now quoted at 106 to 107, had run down to the ruinous figure of 74 or 75 cents on the dollar.”

I asked him why if he could forecast the resources of this country for fifteen months, he could not foresee this. He knew he was only postponing the admission for a year that Canada had not only absorbed the \$3,000,000 of taxes levied upon her, but that there was a deficit in addition to that, of \$2,000,000 more on the 1st of July, 1876. And yet the hon. gentleman concealed the fact from the House and from the country. The *Gazette* gave a public statement of affairs that would mislead any person in this House or in this country. I say, Sir, he stands before the people of Canada convicted by his own declaration of knowing what the deficit would be; of having folded his arms, knowing that he would have to proclaim to the world a deficit of \$2,000,000, and yet he refused to readjust the tariff, or to adopt any means by which that “broken credit” of Canada could be averted;

and yet he undertakes to tell this House, and he expects his statement to be received, as to what the revenue and expenditure of this country a year or two hence are to be. His estimate was last year twenty-five million and a quarter dollars. We got \$22,537,537, or only \$2,662,413 less than the hon. gentleman led the House to suppose he would obtain. He is taxing our credulity a great deal when he ventures, under this state of facts, to ask this House to rest with any confidence upon the suppositions he may form as to what the financial condition of Canada may be. But, Sir, what is this deficit? It is \$1,900,785, according to the hon. gentleman's own showing, but is nothing to be added to it? I ask the hon. gentleman to be candid with the House, and tell us whether there is no larger sum to be added to that deficit. I ask if he did not say just before he sat down, that in that year there was discounted a large amount of Customs duty, owing to the wide-spread information that there was going to be a change of tariff.

Mr. CARTWRIGHT: I did not say so; nothing of the kind. I will explain. I was calling attention to the fact that no just comparison could be made between the revenue returns up to February the 10th of this year, and February of last year, because in those six weeks a certain amount of revenue had come in.

Mr. TUPPER: His own statement. It is a distinction without a difference.

Mr. CARTWRIGHT: There ought to be a difference.

Mr. TUPPER: Was there not a wide-spread sentiment that there was going to be a change in the tariff? Did not the *Toronto Globe* say that 2½ per cent. would be added to the tariff? Was not the whole commercial world of Canada in a perfect whirlwind in preparation for a change in the tariff? Did not the hon. gentleman say in 1874 that an enormous amount of money must be discounted because of the expectation of a change in the tariff? Then, Sir, I ask him, is this half a million, or is it a million, or is the claim of 1873-4 of \$2,000,000 to be added to the deficit in order to get to the correct figures? That must be

added, according to the hon. gentleman's own logic or showing, in order to give the people a correct idea of what this deficit really is. What more? The hon. gentleman said in his Budget speech that the renewal of iron rails with steel was a matter that must be charged to revenue. I can readily understand that a Government who have got a large amount for capital expenditure for the change of gauge, can present any accounts they like for a year or two in relation to the maintenance of way, because under the guise of a change of gauge they can put the whole road in first-class condition. But there is one point in this Budget speech, stating that one of the charges he insisted upon putting to revenue, was the substitution of steel for iron rails. Now, I wish to know why he has, in view of that statement, put \$89,257 to capital expenditure, as re-laying, not with steel but with iron rails, that portion of the Government railway between Halifax and Windsor. Then, Sir, I think he will admit there are receipts that do not belong to the receipts of the year—the \$25,000 of Secret Service money replaced to the credit of the Government.

Several HON. MEMBERS: Hear, hear.

Mr. TUPPER: And, while hon. gentlemen are saying hear, hear, I will draw their attention to the \$5,000 Secret Service money drawn out of the Treasury to put into the hands of the Hon. Geo. Brown, when he went to Washington. I do not know what sum it was found necessary to place in his hands for Secret Service or anything else, but it appears he was able to hand back \$5,000 unexpended. The hon. gentleman can hardly say that belongs to the receipts of the year, and therefore we must add the \$30,000 to the amount of the admitted deficit, making \$2,019,842, and when we get the account of the steel rails on the Provincial railways of the Maritime Provinces, borrowed from the Canadian Pacific Railway that does not appear on the accounts, we must add that? But, Sir, it is large enough in all conscience, and when I add half a million, or take one-half

what the hon. gentleman himself would claim under the circumstances, and did claim on a former occasion under like circumstances, a million from the Customs receipts, I think that the figures are such as would present a still more melancholy and truthful picture than that presented by the hon. gentleman to-night. Now, Sir, the hon. gentleman tells us, and it would be a very important statement if it was correct, that they intended to meet this distressing condition of public affairs by economy. That the country requires economy no one can deny, for if ever any country was in a condition that behoved the Government to exercise all possible retrenchment and carry out the policy on which these hon. gentlemen obtained possession of the benches which they now occupy, I say it is at this crisis; but I regret to state that they cannot claim the confidence of the people of this country on such a ground, and that at a time when disaster, depression, loss of trade and loss of revenue are paralyzing the resources of the whole country, instead of practicing economy, everything else but it is practised, and if there has been any economy shown in the expenditure, it has been exhibited with reference to the public works of the country, while the expenditure has been most lavish where the personal interests of the hon. gentlemen were concerned. This economical Government, Sir, succeeded to power about the 1st of November, 1873, really about the 6th of November of that year, and they are always throwing in our teeth the expenditure for 1873-4, but is it fair or just comparison to compare the expenditure for that year with subsequent expenditure? I say that it is true we prepared the Estimates but we did not expend the money; we were four months out of that year in power, and had charge of the expenditure for that period, while the hon. gentlemen were for eight months of the year in power, and had charge of the expenditure for that time. I need not tell the House what every one knows: that, having been long out of office, the hon. gentlemen had around them a host of clamorous friends eager for office and employment; and these offi-

Mr. TUPPER.

ces and these buildings, through which the hon. gentlemen used to regret that they could scarcely pass from one end to the other for the messengers and clerks with which they were filled from cellar to garret, were found altogether inadequate for their purposes, and these hon. gentlemen immediately had to tax their energies to the utmost to fill these buildings still fuller with employes, and the room being insufficient, they have erected a new building, in which they will provide for a few more of their friends. It is therefore obvious that the comparison I have mentioned is unfair. The true and just comparison would be to compare the last whole year—1872-73—we were in power, with the first whole year these hon. gentlemen were in power, and what does that show? The House will be startled when I tell them our expenditure was \$19,174,141 in 1872-73, but no sooner were these hon. gentlemen for one whole year in power than they managed, I believe, to spend a much larger sum without the slightest difficulty, nay, with the greatest ease, ably assisted by the distinguished talents of the financier who has proclaimed here to-night that there was no foeman worthy of his steel in this House, and not only that he is called upon to negotiate loans and borrow money for Canada, but also to spend it too. The hon. gentleman, moreover, has gone further, and I am afraid, Sir, that we shall lose him; I am afraid that when the speech made by the hon. gentleman to-night reaches Washington, Congress being now in session, when they find that their Secretary of the Treasury knows nothing about the administration of the affairs of that great nation, and that all they have to do in order to place their country in a condition which would give it the greatest possible prominence, all their hopes will be centered in the importation of the distinguished gentleman.

Mr. CARTWRIGHT: The hon. gentleman runs no such danger.

Mr. TUPPER: The hon. gentleman from his seat in the House has to-night instructed the United States as to the mode in which their financial affairs should be managed, but I trust that we

may not lose him. I feel, however, that the hon. gentleman ought to have a body guard to prevent his being carried over the lines, or being at all events taken possession of for the purpose of teaching the Secretary of the Treasury of the United States how to reduce the public debt, how to levy taxes on the people and how to dissipate them after they are levied. The hon. gentlemen, during the first whole year they were in power, managed to spend \$4,538,430 more than we spent during the last whole year we were in power, and that is not all. I will take the year 1873-4, the most extravagant year, concerning which, having had a revenue that enabled us not only to largely reduce the public debt but also the taxation by \$2,000,000 per annum, besides carrying on the public service in the most liberal manner, we managed to expend, with the able assistance of the hon. gentlemen opposite for the last eight months of the year \$23,316,316. But did the hon. gentlemen intend to be economical? If they did they took a curious way of showing it. What did they do? What was their first step? They came down to Parliament and said that it was unfortunate for the people of Canada that these extravagant gentlemen occupied the Treasury benches, but did they state that they would economise? Did they declare that they did not want anything like the expenditure which had been provided for before? No; their first move was to get their supporters in this House to place at their disposal for expenditure—and this during their first year of power—\$26,800,000. Their Estimates voted by this Parliament to these gentlemen were no less than \$3,483,648 more than the largest expenditure by the late Administration. But I will now come down to the expenditure itself, and what do we find? That our expenditure for 1873-4, claiming it to have been ours, according to their own showing, unfair and unjust as this pretension was, and that their expenditure for 1874, for which they will have to admit that they were responsible, exceeded the amount mentioned by \$396,665. This is in accordance with their own showing, and they

must add to that amount, \$65,000 of Customs refunds of other years placed to the charge of the former year. Something further was to be added. The change made in the way of keeping the railway account. With regard to the two years in question, the money Parliament voted for capital expenditure, and which we expended on capital account, they charged to current expenditure for 1873-4, to the extent of half a million. They then came in, and turning round, took half a million of money voted by this House for current expenditure, and charged it to capital account, so they will see that they must, to make the account correspond for the two years, and for a fair comparison, there must be added to their expenditure \$545,605, in all \$1,007,260 more than the largest previous expenditure recorded in our history; and this illustrated to the people of this country how economical the hon. gentlemen were. And if the expenditure for 1873-4 is contrasted with that for the past year, the comparison is still stronger, exceeding by \$1,172,056 that which they declared to have been the most extravagant ever witnessed in this country; and if you come down to the present Estimates, they say, and some people who know nothing about public affairs accept the statement, and have been led to believe that because these gentlemen have reduced the estimates, they are saving money; but how? Because they chose to ask the House to vote \$26,800,000, which they could not spend within three millions, and then discovering their blunder, correct it by asking for two and a half millions less. Is that reducing the Estimates? It is, but it is not effecting a saving. They pretend that it is so, but the statement lacks bottom, and these hon. gentlemen know perfectly well that as far as the country is concerned, any person who places the slightest confidence in the reduction of the Estimates as a reduction of expenditure, is entirely misled and completely deceived. We have the expenditure for 1873-4, \$23,316,316, and the Estimates for 1876-7 are \$274,414 less, but there is a little item of which perhaps the House has lost sight, and turning what appears to be a reduction in the

expenditure into an excess as regards the present estimates. I dare say that the House did not pay particular attention to a little Act which the hon. gentlemen slipped quietly through Parliament before they rose last Session, by which, through an Order in Council, more money could be placed at the service of the Government than Parliament supposed they would have for the year. The hon. gentleman knows that the late Government determined that the representatives of the people in Parliament should have complete control over the expenditure of the public money, passed a law directing that any money voted by this House, which was not expended on the 1st of July, should lapse and go into the Consolidated Fund, and thus the people, through their representatives, had fair, legitimate and distinct means of knowing what was being expended. And what was this little Act? It simply enabled these gentlemen to sit down in Council, and by Orders in Council to pass over these lapsed balances for three months. I have a notice on the paper touching this subject, and think that the hon. gentleman would only have acted courteously, as the notice could not be reached in time, for the full information of the House with respect to this discussion, if he had anticipated the resolution and laid the statement of these lapsed balances on the table of the House. Still, turning to the Public Accounts, it will be seen that these hon. gentlemen, on page 278 of part second, have carried over the lapsed balances, and added to the Estimates that which had been voted—\$678,587, so that at this moment they had at their disposal half a million more for these reduced and economical Estimates than had ever been included in the largest previous expenditures of this country. Then, Sir, take the Estimates for 1877-8, and you will find that they are \$148,628 less than the expenditure of 1873-4, but what will they be when we get the supplementary Estimates? I would like to ask the hon. gentlemen sitting uneasily behind the Treasury Benches, upon the tenter hooks of expectation about this. They will no doubt stand by the Government and

Mr. TUPPER.

carry them through the Session, notwithstanding the outspoken sentiment that has been used in every section of the country. Let them stand by the Government and wait for the supplementary Estimates, and we will find this balance of \$148,000 one way turned into half a million the other way, or a good many disappointed faces will be seen. They have made some reduction. How have they made it? by scattering to the four winds of heaven those officials which thronged the passages of the Government offices so that the Premier could not get his portly form through them? No; it was by reducing the vote for immigration from \$312,572 to \$230,550, or \$98,022. Why, if they would reduce the expenditure in the extravagant department in London, and use the balance for the purpose of a wise and judicious immigration, everybody would be disposed to favour it, but it is no part of their policy to reduce official expenditure, whether on this side of the water or not. Then we find in the public works a reduction of \$862,200. I do not think there is much economy in that. One thing is certain, either the public buildings and works of the country are all that is necessary, or they are not. If they are not, then this is an unwise and irrational reduction and economy; if they are complete, no person can thank them for not spending money that they are not called upon to spend. For lighthouse service, there is a reduction of \$155,984, and the same remarks will apply to that item. If that service is so complete that the hardy mariners have all the protection that can be given them, the reduction will be well enough, but, if they have not, it will be an unwise economy, and not an economy which in the true sense of the word entitles the Government to claim any credit. Now, I find that these revised Estimates, these Estimates brought down in the face of the deficit of \$5,000,000, as compared with the period at which these gentlemen took office, show an estimate of \$47,668 more in the Customs Department than the largest expenditure we ever had in the country. Perhaps I may be permitted to remind the House that we, with a 15 per cent. tariff, collected a very much larger sum than these hon.

gentlemen at a much greater cost to the revenue. Then, for the Excise Department, I find an increase of \$34,265 provided, over and above the largest expenditure we ever had in that Department, and again, in the Post Office Department, there is an estimate of \$382,530 more than our largest expenditure. For pensions and superannuations, an abuse in many cases of public money, such as I do not think this House will be disposed to sanction, because it provides for the application of public money for the pensioning of able servants of the country, and the burdening of the treasury with the expense, with a view to placing other officers at higher salaries in their places,—there is \$107,550 more than the largest expenditure we ever made; so that in these economical estimates we have no less than \$572,013 for Customs, Excise, Post Office and Superannuation over the largest expenditure we ever had, or when the revenue of the country was much larger than it is likely to be for the coming year. I think the statement of the Customs revenue of 1873-74 was \$14,325,192; for 1875 it was \$12,823,837, or \$1,491,255 less, under the increased taxes, than we collected in 1873-74, and what is more, it cost the country to collect the \$14,300,000, \$658,299; and it cost for the collection of the \$12,800,000, \$721,008, or \$62,709 more than we expended. I will not occupy the time of the House longer, because it is unnecessary, in order to show that at a time when the country demands and requires at the hands of these gentlemen the utmost economy, so far from anything like economy being found, we have the very reverse. There is a decrease in the Estimates for Immigration of \$59,600; for Public Works \$223,040; for Subsidies \$170,508, for Lighthouses \$47,741, or half a million, while there is an increase on the other hand in the Estimate, over our largest expenditure, of half a million to counterbalance it. I think that if the country is not able to continue these subsidies, as the Provinces of Nova Scotia and New Brunswick require, of course we must submit. If the Government have not the money and Parliament cannot provide it, difficult as it will be for the Governments

of these Provinces, they will have to submit to the reduction; but, if submitted to, it will be submitted to with a bad grace, it being well known that while money cannot be found for the continuance of these subsidies, half a million of money over previous years could be found to expend on the Departments these honourable gentlemen have the honour to preside over at the present time. Now I come to a very painful portion of my remarks, and that is the criticism of statements made by the hon. gentleman with reference to the loan. Anything that assumes in this House a personal character, is always painful to any hon. gentleman, and anything that has the effect of reflecting in any way upon the integrity, or capacity of hon. gentlemen, has an unpleasant effect upon the country, and its necessity is to be deplored by every member of this House. I was in hopes that I would be spared the unpleasant duty of reviewing the conduct of the hon. gentleman in reference to the loan. I do not wonder that the hon. gentleman wanted an audience of Finance Ministers to address, because I am certain that his arguments failed to bring conviction to the minds of all who, like myself, are only plain members of Parliament. I can quite understand that Finance Ministers may have spectacles of their own, through which they may look at these things. I can quite understand that it may be pleasant to go across the Atlantic to negotiate a loan, a duty which the hon. gentleman seems to take pleasure in performing annually. Although he has said that it is a very unfortunate thing to go over there to borrow money, the hon. gentleman seems to have changed his opinions on that point, as he has done with reference to many others, and he has come to the conclusion that an annual trip to London is a pleasant, if not profitable, occupation for a Finance Minister. It was my duty to criticise the hon. gentleman's mode of putting a loan on the market some two years ago. I then objected to his fixing the price himself, and pointed out that it took away the only safeguard that existed between the pockets of the people and what might be the cupidity of the Min-

Mr. TUPPER.

ister. I acquitted the hon. gentleman of having acted in any other than an honourable and straightforward manner, but I did hope that the criticism, which was duly impressed on the hon. gentleman's mind, would not have been effaced so soon. He afterwards negotiated another loan, and he was congratulated on having done justice to the people of Canada, inasmuch as he invited tenders in the markets of the world for these debentures. The result of placing the loan upon the open market and inviting tenders was eminently satisfactory. The hon. gentleman stated that it was satisfactory. It was satisfactory to this House, and I am sure it was satisfactory to the people of Canada, to learn that the hon. gentleman had placed himself and every person connected with the loan above suspicion by the course he then pursued. Now, Sir, I want to know, if that course was satisfactory, why he went back on that policy and placed this last loan on the market under the circumstances which he did. I have listened to the hon. gentleman's speech with a most sincere desire to hear him make statements in reference to this transaction which would, in my judgment, justify it in the presence of the House and before the country; and although he laboured long and hard, and resorted to every sophistry of which he is master, and that is saying not a little, he sat down, having utterly failed to show the House why Canada, standing in the position she did, in consequence of the management by the late Government, was, in reference to her loan, treated in that way.

Mr. CARTWRIGHT: Hear, hear.

Mr. TUPPER: The hon. gentleman says hear, hear, but the hon. gentleman knows that when he went to London he used as an argument to show the people of England the high position Canada deserved to occupy in consequence of the successful administration of affairs under the late Government, and not under his own. That was the evidence, the reluctant testimony, borne by a hostile witness as to the position this country occupied when we resigned the Treasury benches, and to the end of time it will show the appreciation we received from even

our opponents. The hon. gentleman says he had a difficult task to perform. Why the task was performed when he put his name to that statement, which, it will be seen, was in antagonism to what he said to-night, and to the statements put into the mouth of the Governor General when he opened the Legislature. He wanted to address his arguments to a Tilly, a Rose, and a Hincks, and regrets that they are not here. Why, Sir, they are here—if not in person, their example is here. And I want him to show me a single instance in which these hon. gentlemen negotiated a loan that is not the most palpable evidence against him. He says that the financial agents managed the loan. While I speak of the financial agents let me say that I have not got a word to say against them, but I say that the hon. gentleman cannot shelter himself behind the financial agents of the country. I have the honour of knowing the Barings, and Glyn, Mills and Company, and I have every confidence in them, but I say that they are British capitalists, and they want to make all out of their money they can, and they know enough of their business to know whenever they can make £50,000 or £100,000 legitimately, as they do make it legitimately if they make it in accordance with arrangements with the Finance Minister, they make it. He says they pressed him to fix the price. No doubt they did. Where are the brokers that would not want him to fix it at a rate that would put a fortune in their pockets? Why, the hon. gentleman says that at his earnest entreaty they took a million. Does he suppose that they would take a dollar at the entreaty of any person in the world unless it was a good financial transaction? I tell the hon. gentleman that the responsibility of this transaction rests upon himself and him alone, and not upon the agents. Sir, when the Finance Minister of Canada is in London we have no financial agent but him in that city. The merest tyro would reject advice from an interested party, and does the hon. gentleman mean to tell us that in a transaction of that kind the men who are going to put a million of money into it have not the object of fixing the rate at a sum

that will be a remunerative one to them? The hon. gentleman talks to us of France. Does he not know the conditions under which France negotiated the loan? That broken by war, her credit depressed, and her position altered in the face of all Europe, her situation was one entirely different, I am proud to say, from that which this Dominion occupies in regard to its financial credit. Does he not know that a nation so situated would have largely to submit to the dictation of a house like the Rothschilds, who would say they could negotiate the loan at a certain fixed price, and could not do it otherwise. The hon. gentleman then wanders away to Brazil and Chili. It is true these countries have negotiated fixed loans, but is Canadian credit so broken that she has to borrow money at the rate of those countries, and is obliged to consent to a loan at a fixed price in order to negotiate it? Let the hon. Minister of Finance look at the quotations in regard to Brazil and Chili, and he will find the position they occupied totally different from that of Canada. Their financial credit in the money market of the world was as different from that of the Dominion as it is possible to conceive. I have quotations at hand showing the price of Chili and Brazil 5 per cents. in London, and which prove that the hon. gentleman was proceeding without knowledge on the question when he addressed his argument to the House. But what did the hon. gentleman do? I will not quote a hostile witness; I will take the *Daily Globe*, the organ of the Government. The London correspondent, who was on the spot, and therefore acquainted with everything connected with the transaction, said the worst thing of the hon. Minister of Finance ever said of him, though being ignorant of the bearings of the question. It was said in praise. I object to a loan being placed on the market at a fixed price, because it enables parties to manipulate it to the advantage of themselves and their friends, and enables acts to be done that should not be done; but I say further, that the hon. gentleman fixed the price too low, but if a fixed loan were to be placed on the market, was it the business of the Minister of

Finance to state to the London financiers that Canadian securities which were then selling at 94½ and 95 were only worth 90? The hon. gentleman says he fixed the price at 91. He knows he fixed the price at 90, because he gave a rebate of interest in connection with the loan that reduced the price below 90.

Mr. CARTWRIGHT: No.

Mr. TUPPER: Canadian securities at that time were bringing from 94 to 95.

Mr. CARTWRIGHT: Give your authority.

Mr. TUPPER: I have the London *Economist*, and perhaps the hon. gentleman would accept that as a good authority. I am able to show that before the loan was put on the market, four per cent. Canadian debentures were selling at 94½ and 95, and that ex-dividend.

Mr. CARTWRIGHT: The hon. gentleman is entirely wrong.

Mr. TUPPER: I have the documents here.

Mr. CARTWRIGHT: I do not care if you have.

Mr. TUPPER: The hon. gentleman seems to have rushed blindly forward with midsummer madness. I have here the London stock and share list for 1876. The dividends on Canadian 4 per cent. debentures are payable on the 1st November, and they were quoted at 93½ and 94½, business done at from 94½ to 93½ ex-dividend. Will that satisfy the hon. gentleman.

Mr. CARTWRIGHT: Certainly not.

Mr. TUPPER: The hon. gentleman says what is quite true, that no Finance Minister could put 2½ millions on the market and obtain the current price at which small parcels of debentures are selling. I freely admit that, but I would like to know from any capitalist in this House who knows anything of financial matters, if there was any cause for placing the price so much below that at which business in small parcels of debentures was being done. No man who knows anything of finance will be able to find any good ground. The London correspondent of the *Globe* wrote that there was a

good deal of comment and criticism as to the mode in which the Finance Minister placed the loan on the market, but he wrote:—the bankers and brokers say it was a capital way. It was no doubt an excellent way for bankers and brokers, but not for the people of Canada. The hon. gentleman knows there never was a time in history when money was such a drug in the London market as when the loan was negotiated, when the banks were swollen with millions drawing one half per cent. interest, and in many cases probably less, for safe keeping, and when, in consequence of the condition of Continental affairs, money was being refused for any investment except such as the Canadian Government had to offer. In that position of affairs the hon. Minister of Finance ventured to decry the character and debentures of Canada, and to lower them by his prospectus below 90. I placed a motion on the notice paper, asking for a return showing the names of the buyers. The hon. gentleman says it would be unpleasant to give names. Why should it be unpleasant? The people who obtained Canadian securities on such terms had no reason to be ashamed of the fact; they had reason to boast of it. Why should the hon. gentleman not give the brokers' names? The reply given was that it was altogether informal. There was, however, nothing discreditable to them in having obtained such favourable terms. The hon. gentleman had laid a most unsatisfactory paper on the table in answer to my motion for these returns. Two years ago, when I made a similar motion, the hon. gentleman was able to give, in detail, the amounts allotted to the several parties. Why should the hon. gentleman return to Canada without such information, and then inform Parliament, which was to be but a short time in Session, that the information was in England. That information was furnished on a previous occasion, but it was refused now. Why? The fact is this, and the people may as well understand it, that at least 2 per cent. on 2½ millions sterling has been taken out of the pockets of the people of Canada and distributed among the happy parties who had the good fortune to obtain this loan. If

Mr. TUPPER.

there were no other transactions in connection with this Government that ought to deprive them now and for ever of the confidence of this House and the country, this is sufficient: that two days after the parties who had secured the loan upon the terms fixed by the Finance Minister, the financial intelligence of England raised our credit, thus depressed by the hon. gentleman, and those very debentures sold by him at below 90, were selling, as evidence under my hand shows, at over 2 per cent. premium. I want to know, on behalf of the people of Canada, where is that money? Who has it? Who has obtained the securities on these terms? Were we so flush of money? When the Government coming down with the humiliating confession that they had made away with five millions of surplus in three years, that it was all disposed of and gone. Are we so flush of money we can afford to give fifty thousand pounds sterling to be divided among anybody, and that which was fifty thousand then, made in two days by the rise in price of those securities, is one hundred thousand pounds now. The hon. gentleman says: "I am glad to be able to leave so unpleasant a part of the painful duty which devolves on me, which, performed once, is performed for ever." I have shown the hon. gentleman that he is not supported in his action by precedent afforded by any previous Minister of Finance.

Mr. CARTWRIGHT: What about Sir Alexander Galt?

Mr. TUPPER: He never negotiated a loan for the Dominion. I could excuse Sir Alexander Galt, for the time he effected such a loan was in the days of old Canada, when we are told our credit was broken and our securities selling for 74 cents on the dollar.

Mr. CARTWRIGHT: That was in 1860, eight years before Confederation.

Mr. TUPPER: He was driven to adopt such a policy. There is a book—"Fenn on the funds"—in the library, and if any gentleman wants to satisfy himself of the condition in which a country ought to be placed before it resorts to fixed loans, he had only to peruse that work to become satisfied

that the course pursued by the Minister of Finance is utterly unjustifiable. Now, Sir, the hon. gentleman comes down with his policy—what is it? Has he got anything to offer? He has described the condition in which the country is reduced; he has described the fact of the deficit, which is to be proclaimed to the country and to the world by himself, and he has told you what the effect of that must be upon the character and credit of Canada. What solution has he to offer? Why, Sir, he has borrowed the policy of the Opposition from my hon. friend the member for Stanstead, and has relieved, as he has said, the people from an unjust tax of something like \$1,200,000 per annum. But what does the hon. gentleman say in his Budget speech of 1876. He says: "Things are in a bad state, but we want more time." Well, Sir, we have had more time; we have had a year, and where are we? There is no improvement, nothing to justify the hon. gentleman in refusing to so readjust the tariff of Canada as to protect and preserve her credit, which has unfortunately been placed under the hon. gentleman's care. Not only that, but to-night he comes before the House and says the Government of which he is a member, have nailed their colours to the free-trade mast, and that sooner than yield, they will go down with the ship, and down they will go. I have no hesitation in saying that, fortunately for the people of Canada, the hour is near when the independent expression of the people of Canada will place the administration in the hands of those who will do justice to her interests, and I rejoice that I am enabled to say what I could not otherwise say, that although gentlemen opposite will go down with their free-trade colours flying at their mizzen, they will not be able to drag Canada down much further with them. The time will soon come when the same policy under which Canada flourished before, will be the policy of Canada again, and with like results, and when we will be able to go again to the money market of the world, and present a picture similar to that which the hon. gentleman was able to show on attaining office. One would think we were listening to

the Secretary of the Treasury, so fully did he place the United States affairs before us. Fortunately, the affairs of that country are not in the hands of the Finance Minister of Canada. He tells you that those who are thus protected are suffering more than those who are not. I well give an authority which ought to be good, as results of the protective policy, which he says is ruining the trade of the United States. The President of the United States sent his message to Congress the other day, and put this statement over his own signature. Did he say that, as in the case of Canada, they were rolling up an additional public debt year after year, and that their public expenditure had exceeded their income last year by more than \$2,000,000? Did he say that more taxes required to be levied to meet their emergencies, or that the results to their trade and commerce were of the character which the hon. gentleman showed to-night? No, Mr. Speaker, but he was able to point with pride to the fact that that country, ruined by protection as the hon. gentleman says, that country which has not long since emerged from a terrible war which placed a most frightful burden of taxation upon her people, and which is suffering from a superincumbent load of debt, which apparently could never have been borne had reduced her taxes within the last seven years nearly \$300,000,000. The hon. the Minister of Finance says Canada will compare favourably with the United States. While, in Canada \$3,000,000 of taxes levied three years ago have disappeared, and \$2,000,000 more have gone along with it, the hon. gentleman says Canada will compare favourably with a country which has achieved such a result as this. Our national debt is rolling up much in the same style in which the old Canadian public debt used to increase.

Mr. CARTWRIGHT: That was in the time of the member for Kingston.

Mr. TUPPER: But the President of the United States says the national debt of that country has been reduced in the same time by \$435,000,000 and that is the country at which the hon. the Finance Minister points the

finger of scorn, and which he says is being ruined by its financial mismanagement, which he thinks gives him the opportunity to scoff at it. In the same time the balance of trade, the President states, has been changed from over \$130,000,000 against the United States in 1869, to over \$120,000,000 in their favour in '876. That, Sir, is the country which the hon. gentleman selects as the argument which is going to satisfy all the gentlemen who sit behind him that protection is a thing to be eschewed and avoided, and that free trade is the only policy under which any country can prosper. But that is not all. He went on—I was going to say with a fatuity, but I do not like to use an offensive word, with an apparent obliviousness of the point of his argument, to show how enormously the imports of the United States were being decreased. Why, Sir, the very evidence of the prosperity of that country is the decrease in her imports. They have decreased because the country which yesterday was importing millions and tens of millions of the manufactured products of other countries, is now manufacturing them itself. It is the protective policy of the country which has changed the whole balance of trade and the whole question of imports. The Centennial Exhibition, which closed the other day, has astonished the world, and well it might. It has been found that a country which was dependent on England but the other day, and which, under a free-trade policy, had to import almost everything which her people used, has suddenly, by a giant stride, sprang into the first rank of manufacturing countries, and that not only is she rendered independent of the imports of England and the rest of the world, upon which she depended before and had to export her gold to obtain, but she is able to go abroad after supplying her own people, and compete successfully with England, hitherto the mistress of manufacturing industries of the world, in her own market; and yet that is the condition of things that the hon. gentleman thinks renders it incumbent upon him to lecture the Government and Congress and the people of the United States upon the mismanagement of

Mr. TUPPER.

their affairs, and the necessity of adopting the free-trade policy of the hon. gentleman himself. Well, Sir, the hon. gentleman says that this Government are going to adhere to their policy, and so it seems. I had been in hopes, Sir, that there were some industries that might, in view of the appeals that have been made in this House, have attracted the hon. gentleman's attention. The hon. gentleman must know that if we are to have a country at all, it must be by bringing people into it. The hon. gentleman knows what the effect has been of having our sugar refineries in this country crushed out, and capital driven out of the country. That capital is now building up our great commercial rival and neighbour, and we are now rendered dependent upon them for our sugar, and obliged to pay them such prices as they choose. I am not going into that question exhaustively, but I will just remark that evidence was laid before the Board of Trade of the enormous bounty in the United States by which the sugar refining industry of this country has been completely annihilated. The hon. gentleman knows that it is desirable to extend our trade with the West India Islands. He knows that a policy which would enable sugar to be refined in this country, a policy that would reduce the tariff on raw sugars and impose a countervailing duty on foreign refined sugar would build up our country. I say that there is no country better situated to derive great advantage from such a policy than ours. It would stimulate our fisheries and would increase the ship-building business of the whole country in a most valuable and important degree, and he knows too that that business, while giving employment to a numerous class in this country, increasing our marine, building up a flourishing trade with another portion of the British Dominions on this continent, would, at the same time afford a most valuable freight over the Intercolonial Railway, which was constructed with our money. To take it from whatever point of view you will, the hon. gentleman knows that, giving a fitting and fair protection to the refining of the 1,000,000 pounds of sugar that now go into consumption in Canada, and which would

soon be doubled, would undoubtedly be of very great advantage to the people of this country. But he is bound to come down with the declaration that no alteration can be made. It was only the other day that he himself brought this subject before the House. It was only the other day that he inveighed against the injustice of having such a monstrous provision in our tariff as that which placed a higher *ad valorem* duty on raw than on refined sugar, which imposed a duty of 40 per cent. on the manufactured article, while it placed a duty of 50 per cent. on the article out of which the refined sugar was manufactured, and yet the hon. gentleman now finds himself unable to deal with this great industry of the country, and says, as he did a year ago that what is wanted is more time. Well, what of coal? I want to know why coal is not to be subjected to a duty? Is it because the Province of Nova Scotia is the only place in which there are large and important coal mines, except in New Brunswick, where there is a description of coal, but not any very large amount of it. Coal is confined principally to Nova Scotia. Is it because it is a Nova Scotian product? Will the hon. gentleman tell the House how it is that he will still give a protection to petroleum to the extent of 33½ per cent., and refuse any protection to coal? Is the petroleum interest of Ontario more important than the coal interest of Nova Scotia? Take it as a pure question of revenue, and will the hon. gentleman tell me, will he tell any hon. gentleman in this House, that it is right to tax the clothes a man wears, the tea he drinks, and the light that he uses, and not tax fuel? Can he tell me why 595,000 tons of coal should come into this country free from the United States to paralyse an industry of this country, in which twelve millions of capital had been invested, to destroy a capital of that amount, and to spread poverty and dismay among a large class of the people of this country who depended upon the coal mining industries of this country for their living? Will he tell me why he should give protection to the petroleum industry of Ontario, and deny a particle of protection to the coal industry

of Nova Scotia? Why is the latter exempted? In 1872, this country imported from the United States 216,000 tons of coal, and we exported 270,000 tons. That was under the influence of a tariff which put a duty of fifty cents a ton on coal, and thus gave a most important impetus to that industry. What is the state of things now? We are importing to-day from the United States 595,000 tons, and exporting 60,000 tons, and we have a memorial presented by my hon. friend the member for Halifax, and signed not by opponents of the Government only, but by the strongest friends and supporters they have, signed by all classes, and laid on the table of the House, asking that this monstrous injustice be remedied. Why is it that this industry is selected for exemption from protection? Is it on sectional grounds? I want to know if the tax the hon. gentleman proposed to put on the shipping of this country was a sectional tax? That tax would have affected injuriously five or six thousand people in Nova Scotia and New Brunswick, to the extent of about \$100,000, and only \$7,000 or \$8,000 in Ontario, and yet, when an industry in one of the finest Provinces required to be protected, as well as to be relieved from depression, it is a sectional matter and must be put off. I am a citizen at this moment of the great Province of Ontario, and as a resident of Ontario I demand that this important industry of Canada should receive due consideration at the hands of the Government. I say that there is not a man in Ontario who can deny that there would be any greater injustice in a duty for revenue purposes, if you please, being levied on this 595,000 tons of coal coming into this country from the United States, than putting a tax on petroleum that Ontario manufactures, and on which the people of the Maritime Provinces pay the duty. I say there is a feeling in this country among the intelligent men of all classes and all sections that if we have to make this a great country we must look at the industries of the whole country, find them where we may, and when we have great industries like coal mining, an industry that extends to the shipping interest in the same way as the

sugar trade, and is important as a means of obtaining reciprocal trade at the hands of our neighbours, it is only fair that that policy, which has been shown to be without injury to any one, and with advantage to the country, should be resorted to and restored. But the hon. gentleman says "No; what we want at coal mines and sugar refineries, and where all other valuable industries can be established, is not protection; you want time." Look at it, Sir, in relation to the United States. This country has been demanding in every possible way that it can a revision of the tariff as between us and the United States. Take it from that point of view, is there an honourable gentleman in this House—is there an intelligent man in this country that does not feel, other things being equal, that we ought to foster trade with Great Britain rather than with a foreign country? Is there a person who does not feel that the country which receives our products with open arms and exhibits the most paternal concern in our welfare in every way is as deserving of consideration at our hands as any other country? And yet what do we find? Look at the trade returns and see what they say. We find that in 1873 the goods entered for consumption, imported into Canada from Great Britain, amounted to \$68,522,776. In that year, the goods imported from the United States were \$47,745,678, so that we were receiving from Great Britain four years ago \$20,887,000 more goods than from the United States. Where are we to-day? These trade returns show that for the year 1876 our imports from Great Britain have gone down to \$40,000,000, and our imports from the United States have gone up to \$46,000,000, instead of \$20,000,000 more from Great Britain than the United States in 1873. The whole story is changed, and we have imported over \$6,000,000 more of goods entered for consumption from the United States during the past year than the total imports from Great Britain. Then, take the exports, and what do we find? That the exports to Great Britain in 1873 are \$3,000,000 less than to the United States; but, Sir, we find that the exports of 1876 are \$12,000,000—nearly \$13,000,000

MR. TUPPER.

less to the United States than to Great Britain, so that the country that, as I said before, is receiving our products with open arms, is the country that is to receive no consideration at the hands of the Government of Canada. And from that point of view, Sir, I believe it is entitled to and deserving of consideration. Whether you look at it, Sir, in relation to revenue; whether you look at it as a means of getting a reciprocity treaty; whether you look at it as a means of giving a just, fair and legitimate protection to the great manufacturing industries of, and to the great agricultural interests of this country; look at it from what point you may, a policy the very reverse of that which is pursued by this country is demanded by the interests of Canada. Boards of Trade, representing the commercial and manufacturing interests of the Dominion, have dealt with this question, and in no uncertain way. They have asked that the tariff should be so reconstructed as not only to preserve our credit intact, but to foster and promote our industries. The resolution which the right hon. gentleman (Sir John A. Macdonald) moved a year ago, the policy on which the party he leads have taken their stand, propounds to the country that fitting protection should be given to the suffering industries of the country. It has found a hearty response, not in a political chamber, but in a chamber where the independence as well as the manufacturing and commercial interests of Canada are represented, and yet the Government turn a deaf ear to all that, and say all that we will give you is time. I have said, Sir, that the country has shown what its sentiment is in relation to this matter. The hon. gentleman at the head of the Government labours under the impression that the agricultural sentiment, of Ontario at all events, is opposed to any protection of agricultural interests, I say, Sir, that the hon. gentleman's eyes ought to be opened by this time. He had evidence enough to the contrary offered to this House last year. But what has taken place since? Why, at the recent contests in agricultural sections, where the different policies have been fairly and squarely debated by the

ablest men representing the hon. gentlemen opposite that could have been put on the platform, the result has not only been their defeat, and not only an intense expression of public sentiment hostile to the policy they advocate, but the very gentlemen whom they put forward to ask for the suffrages of these rural and agricultural constituencies, had not been a week in the country face to face with the farming population, when they declared for protection, and began to point out how admirably they would be situated if elected for the purpose of changing the policy of the Government. I trust that the statement made by the Hon. Finance Minister to-night will undeceive the whole country. I trust that any who may have been misled by the declarations made by the candidates of the Government in relation to the question will have their eyes opened, and that the whole people will understand that if they want any fair and legitimate policy calculated to foster the manufacturing and agricultural industries, under which Canada prospered so eminently before, carried out to its legitimate results, they will have to restore to power the party who have proclaimed that policy, and under whose management of public affairs and development of that policy the country prospered as it has never prospered since. I say, Sir, that I rejoice to know that however much hon. gentlemen may shrink from that ordeal, they must be more than blind if they have failed to see evidence on every side that they have lost the confidence of the people of this country. I do not intend, Sir, to appeal to them and to point out to them that when the Government of England, when the Government of Mr. Gladstone, was situated as the hon. gentlemen opposite are situated to-day, when election after election taught them that they had power, but not the concurrence of the public sentiment of the country, when this was the case, I say that hon. gentleman felt he owed it to himself and to the great Party of which he was the leader, that he should not consent to hold office upon terms which he felt so humiliating. Sir, I have no hope that they will follow this example. I will not therefore waste

words nor breath in order to take up the time of the House in making any hopeless appeals, but again congratulate the people that the day is drawing rapidly near when the independent public sentiment of this country will again have an opportunity of being heard, and that again there is a prospect of a brighter day dawning upon Canada than I regret to say has shone upon it for the last three years.

Mr. MACKENZIE: I have listened, Mr. Speaker, as I always listen, with interest, if not with pleasure, to the harangue—I will not call it a speech—of the hon. member for Cumberland. Three-quarters of it I have heard before. We hear it as an annual harangue to be delivered upon the occasion of my hon. friend the Minister of Finance delivering his annual statement. But it is fraught not only with fallacies, but fraught also with a degree of violence and a degree of temper that is not to be found in the speeches of any other public man in this country. Sir, the hon. gentleman ventured to assert, time after time to-night, that the statement made by my hon. friend, and the statements published by Mr. Langton were false. Those were his words. Now, I have examined into the statements that he has characterized as “being fraught with falsehood,” and I find that Mr. Langton’s system of presenting the statements is precisely a continuation of the system which existed under the late Government. I have the proof here beside me. I might characterize the statements of the hon. gentleman opposite, as he has improperly characterized the statements of the Finance Minister, as incorrect. The hon. gentleman was simply incapable of understanding the mode in which Mr. Langton published the statement, and it was through this that he ventured to make his false remarks. There were various matters brought before the House to which I shall briefly refer. His speech was not a criticism of the Budget and the financial affairs of the country, as presented by the Minister; it was a mere tirade of abuse, delivered annually on similar occasions. It was a mere attempt to grapple with the question, and to draw away the attention of the House from the very able statement

presented by the Finance Minister, and the very full information which he supplied, information of the very fullest character, information which has never been exceeded by any previous Finance Minister for fulness and detail in regard to the financial affairs of the country. But, Sir, hon. gentlemen opposite seem almost to have forgotten the events of 1871-72 and 1872-73. One would think hon. gentlemen opposite would have been ashamed to say anything in reference to the Canadian Pacific Railway or the Treaty of Washington. The hon. gentleman ventured to speak of one of my utterances regarding the Treaty of Washington, as if I was putting a weapon of offence in the hands of the people and of the Government of the United States. Sir, I have never said half as much of that wretched instrument, the Treaty of Washington, as I should have said. I have never characterized the gross blunders made in it as I should have characterized them, for the simple reason that my official position in the country made it exceedingly difficult to speak of some parts of that transaction as they ought to be spoken of. But, while I have been thus reticent, if hon. gentlemen are to avail themselves, for the purposes of political capital, of that very reticence which has guarded them from the imputation of the gross ignorance which they manifested on that occasion, I shall no longer keep silence. Why, Sir, we find ourselves, in consequence of that Treaty of Washington, placed in an invidious position in regard to several matters. There is a direct advantage given to the United States in regard to the canal navigation that no legislative and no administrative action of ours can ever possibly overcome. When the hon. gentleman came back from Washington, he boasted that he had obtained the free navigation of the Yukon, the Stikkeen and the Porcupine, and for this he gave away the free navigation of the magnificent St. Lawrence; he being actually in a state of supreme ignorance of the fact that we had the navigation of those rivers before then, by a treaty with Russia in 1825, and in a more complete way too. We had the navigation of the

Mr. TUPPER.

northern rivers of this continent, not only for commercial purposes, but for every other purpose; and yet the hon. gentleman gave away the free navigation of the St. Lawrence to obtain navigation of these rivers for commercial purposes, and the immediate result is already a quarrel between the two countries as to whether or not a prisoner can be conveyed down the Stikine River. We are bound, by one of the clauses of that treaty, to give the United States the free use of all the canals of the Dominion, and they are bound only to use their influence with the individual States to secure for us the navigation of the canals of the States contiguous to us, traversing the boundaries of the two countries. So they placed us actually in a position of inferiority in this respect from which no negotiation can possibly deliver us; and the successors of the hon. gentleman's Government have been obliged to take a stand upon other grounds in vindicating the rights of this country to certain privileges in connection with the navigation of these waters. I congratulate the hon. gentleman upon his having at last settled himself down into a policy of protection. I congratulate the hon. gentleman, as a Nova Scotian representative,—though he says he is a citizen of Ontario, and speaks in that character,—that he has been obliged to hoist the pure protection banner, and that under that he is resolved to fight for the future. So be it. We have never swerved in our devotion to what we conceive to be the true trade principle of the country, viz., that we should have a revenue tariff, and a tariff imposed only for the purposes of revenue, although it is well known that, with our revenue necessities, such a tariff practically yields a very large measure of protection. Sir, this Government found almost immediately upon its accession to office that we had to impose a considerably larger tariff than that which was previously in force, and we did impose two and a half per cent. more, and the hon. gentleman will venture now to speak of it, I suppose, as a protective tariff. I am a little amused, Sir, to hear the quotation which the hon. gentleman used with reference to the tariff and the system of protection,

and I was reminded of the very ingenious resolution proposed by the leader of the Opposition last year. He did not then, Sir, venture to assert a bold protective policy. Let me read the resolution.

"Sir John Macdonald moved in amendment—That all the words after 'that' to the end of the question be left out, and the words inserted—This house regrets that His Excellency the Governor-General has not been advised to recommend to Parliament a measure for the readjustment of the tariff, which would not only aid to alleviate the stagnation of business deplored in the gracious Speech from the Throne, but also afford fitting encouragement and protection to the struggling manufactures and industries as well as to the agricultural products of the country."

He does not venture to tell us what was that fitting protection. He does not venture to say that the tariff which was already imposed afforded either too much or too little protection. "Fitting encouragement" is an ingenious phrase, and "fitting encouragement" is all that the hon. gentleman ventured upon then; but the hon. gentleman now thinks that he may fairly hoist the protection banner and sail under it for the future. However, I am glad at last to have caged him in any position, a thing which has never before been possible. But, Sir, let me revert for a moment to some passages of the hon. gentleman's speech. He says that the policy which was initiated in 1870, called the National Policy, by which we imposed a duty of fifty cents per ton on coal, actually frightened the United States of America into lowering their duties. Well, Sir, I think that he is undoubtedly a very great man. He is a wonderful man, and no doubt he wishes to frighten us who are on this side of the House very much; but I had no idea, until he declared it in his own words, that he had also frightened the whole people of the United States. There is, to be sure, the usual element of inaccuracy in the statement; there is the statement that the United States duty was immediately reduced fifty per cent.

Mr. TUPPER: No; from \$1.25 to 75 cents.

Mr. MACKENZIE: Then I misunderstood the hon. gentleman. At all events, the imposition of fifty cents duty

upon their coal frightened them into the reduction of their rate. Why, Sir, the entire amount of American coal brought into this country during the whole year only yielded, if I recollect aright, between eighty and ninety thousand dollars of revenue. This was the entire amount, and the imposition of fifty cents per ton did not, and could not, bring one ton more of coal from Nova Scotia to the Upper Provinces than was previously the case. I am aware that some was brought as an experiment, but it was a mere experiment which could not possibly succeed, because we in Ontario are contiguous to the coal fields of the United States, and any attempt to force the coal of Nova Scotia upon Upper Canada must of necessity be a failure, unless a protective tariff of between two and three dollars per ton is imposed. This is well known to the hon. gentleman; but, Sir, why is it—if this scheme is to have such a grand remedial effect, and if this policy was such as coerced and frightened the Government of the United States into terms—that the hon. gentleman's Government repealed that policy themselves. Nay, more, Sir, he made a pathetic appeal to us to-night—an appeal which I am certain I have heard fifty times before—in which he said that at the very time that the hon. gentleman the member for Kingston was struggling on behalf of Canadian interests at Washington, we struck down this generous and magnificent policy of theirs. Why, Sir, the hon. gentlemen opposite controlled a majority of forty or fifty votes in this House at that very time. The majority of the then Government was indeed from fifty to seventy.

Mr. TUPPER: On that question?

Mr. MACKENZIE: The hon. gentlemen had a majority on every question which, as a Government, they chose to place before the House. Either this was the case, or they were without a majority on such questions as they chose to present to the House. They did choose to present this policy to the House in 1870, and they themselves chose in 1871 to come down and repeal it.

Mr. TUPPER: How about petro-

Mr. MACKENZIE.

leum? Where is the hon. gentleman's policy voted in this regard last Session, and the policy made known to-night?

Mr. MACKENZIE: I will deal with that presently, but now I will deal with the hon. gentleman, and, as soon as I get through with him, I will take up some other person. Now, Sir, it was very remarkable that in the face of this appeal the hon. gentleman should have voted against the resolution, which I will just read:—

“Moved in amendment by Mr. Bowell, seconded by Mr. Brown, that in view of the negotiations now pending at Washington between representatives on the part of the British Empire and the United States, touching questions which may lead to the renewal of the Reciprocity Treaty, it is, in the opinion of this House, inexpedient to repeal the duties now imposed on certain articles enumerated in Sec. 2 of the Bill as amended; and be it therefore resolved, that the Bill do not now pass, but be referred back to the Committee of the Whole for the purpose of expunging the words between ‘coke’ and the words ‘hereafter repealed.’”

Although this was moved by one of the hon. gentleman's own followers, and although the suffering member for Kingston was then in the agonies of parturition at Washington, having been sitting there for weeks in the hope of bringing forth a treaty, yielding reciprocity, it seems that in spite of all the hon. gentleman's distress in the American Capitol, his own followers deliberately voted against this resolution proposed by the member for North Hastings—for I find among the votes in favour of repealing the duty on coal, the name of Mr. Tupper, and the name of every member of the Government in this House at the time. And this, Sir, is the gentleman who is preaching a new morality, and this is the gentleman who speaks of consistency, this, Sir, is the gentleman who presents, as he says, the spectacle of constant consistency in all political matters. Why, Sir, consistency is a word unknown to the hon. gentleman. I have read this to show that the hon. gentleman not only does not believe, and did not believe what he stated to-night, but, further, that he proved by his vote that he was entirely opposed to the policy which he now says is the only salvation for the country. Sir,

the hon. gentleman, a moment ago, in reply to my accusation, answered that they did not control the House on every subject. No doubt they did not, and the hon. gentleman was willing to remain in office, although he and his colleagues could not control their followers on certain subjects. Why, the hon. gentleman himself avows that he defended the protective system. He says that he was in favour of it before, and he accuses the Opposition, who were then in a minority of from sixty to seventy in this House, of having carried a resolution in defiance of the Government. I have shown that he himself recorded his vote for the repeal of that duty; but, assuming what the hon. gentleman says to be true, was it fair to the public and to the protective interests he has taken under his wing, the grand political policy of which he sets himself up as champion, that the moment he found that a majority was likely to be recorded against this grand policy, he himself should turn round and march with the tide. And yet, Sir, this gentleman has the assurance to charge us with inconsistency, and to declare that we have not fairly carried out the policy which we announced to the country. So much, Sir, with regard to the coal duties. The hon. gentleman knows very well, in reference to other matters in which he indulged very freely during the discussion, that he was not representing the real feelings of his own party, nor the real facts of the case. Why, Sir, in one breath he denounced us for not spending the public money in time of distress, and then for imposing duties for the purpose of spending money. We were denounced because we increased the tariff; we were denounced because we borrowed money in the English market, for works which were avowedly intended to be built with capital on capital account, and at the same time we were denounced because we proposed to resort to easier means in regard to the construction of such works. But what are the facts? During 1875, there was spent, in addition to what was expended on the Intercolonial Railway, something over eight millions of money on public works, and, during 1876, very nearly nine millions for the same purposes; a

much larger amount was thus spent during these two years than during any two previous years, not only in the history of Confederation, but also in the history of Canada. And it has been done with a view at once to carry out works that are projected and must necessarily be carried on to completion, and with a view also to avail ourselves of the comparative cheapness of labour and material at this particular period. But, Sir, it must be remembered that there must be a limit to all expenditure, and the Government in proposing to limit the expenditure upon certain canals, knows that the object sought to be accomplished by building various new works where old works are starting can be obtained by another mode which will avoid for the present the expenditure originally contemplated. That we propose to do in order to save a considerable amount of public money which otherwise would have to be expended. I was a little amused in connection with the hon. gentleman's views on the question of protection. The hon. gentleman expressed himself in favour of protecting all kinds of manufactures; but any one in reading his speech to-morrow will find that he denounced the Government because they proposed a duty on machinery. It appears that everything is to be protected except machinery, and that everything will be protected, including machinery, at some time or other.

Mr. TUPPER: The hon. gentleman, I am afraid, is again committing an inaccuracy and is mis-stating what I said. I said, machinery that could not be manufactured in this country should be admitted free. My statement was limited to that, and yet the hon. gentleman represents me as having opposed a duty on machinery.

Mr. MACKENZIE: Will the hon. gentleman say what kind of machinery?

Mr. GIBBS (N. Ontario): Cotton machinery.

Mr. MACKENZIE: I can say that cotton machinery is made in this country.

Mr. GIBBS: It was not made then.

Mr. MACKENZIE: I will not enter into a discussion on the matter. We

know very well that that machinery is made not far from the city of Hamilton, and that there is no kind that is not made here.

Mr. GIBBS: Now.

Mr. MACKENZIE: It may be procured of better qualities out of the country—I have no knowledge that will enable me to decide upon that point. But I say that, if one kind of material is to have the benefit of protection, all material should equally have the benefit of protection, and the man who manufactures machinery as well as the man who manufactures sugar should surely be entitled to the same share of protection. I will not enter into an exposition of the principles of protection, or what, in my views, its fallacies are, because I have taken the ground that, although I am a free trader, it is impossible to have free trade in this country. Our circumstances forbid it, and our revenue tariff is one, which, for all practical purposes, has become operative as a protective tariff. And I will say further that no one knows better than the hon. gentleman that, if he carries out his system of protection, it will stop the imports; and, as you must have your revenue from somewhere, you will have to get it by direct taxation. There is no stopping point. The moment you increase the revenue by exaggerated protection, that moment you have to obtain taxation from some other source. This there can be no possible doubt about. Now, sir, I think the hon. gentleman ought to be ashamed of himself to speak of the Canadian Pacific Railway matter at all. The hon. gentleman ventured to say that we had expended six millions and that there was not one mile under contract.

Mr. TUPPER: I did not. I did not say a syllable about miles; I said that practically the work was not begun.

Mr. MACKENZIE: Well, the hon. gentleman says the work was not practically begun. What "practically begun" in his estimate means, I do not know. All I can say is that we have about 300 miles under contract, a large portion of which is completed. A portion of the rails are laid, and the rails may be laid next year on at least 200

miles more which are under contract. I should say, Sir, that that is a very practical beginning, and, if having 200 or 300 miles of railroad all but finished, is not a practical beginning, I fail to know the use of language. I am happy to tell the House that under the wise management of the Government, 228 miles of railroad west of Lake Superior are under contract on the main line; and that 228 miles of railroad will be constructed, finished, and completed for, as nearly as can be, half the cost per mile of the Intercolonial Railway. That is not merely having it practically begun, but it is having it practically carried on in such a way as no railroad was ever carried on before in this country. Our object in pushing the work as we have done I have explained time and again to this House and to the country. We have power under the Act of 1874 either to proceed in the mode of obtaining tenders for the entire work or for small sections of the work. We felt that the obligation laid upon us by hon. gentlemen opposite when they engaged to build the road in ten years from 1871, was one that compelled us to move in the matter at once in order to show the best honesty in keeping our engagements with the new Provinces. And while the surveys were proceeded with the greatest possible diligence, we proceeded with the sections that were surveyed, with the understanding that as soon as the surveys were completed the entire road would be put under contract, if they could be put under contract consistently with the means and resources of this country at our disposal. When the hon. gentleman taunts me with having held out hopes last Spring that we would have the surveys completed so as to be able to advertise for tenders in June, he is not showing that fairness which should characterize the leading public men of this country. If he had been able to show that we had exhibited the least lack of diligence, that we had made a hypocritical statement and had not tried to carry it out, the criticism would have been fair and just; but, I appeal to him, and to every member of this House, to say if there is a particle of evidence to be found to prove that we

Mr. MACKENZIE.

did not carry out the promises we made at the time we took office and last spring. The hon. gentleman says that we went about at the general election in 1872 denouncing the Pacific Railway scheme of the hon. gentleman opposite. Why, the hon. gentleman does not remember, I suppose, that the Pacific Railway scheme was not developed at all during the election of 1872. He assumes that it was, and ventures to say that we opposed their policy at a time when the policy was not conceived, and if conceived, it was not brought forth to the country. We denounced them at the general election of 1872 for their extravagant bargain with British Columbia and not for their railway policy, because at that time the policy was not known, for the hon. gentlemen were then engaged making arrangement with Sir Hugh Allan, Hon. D. L. Macpherson and other capitalists. Such, Sir, is the reckless assertion of the hon. member for Cumberland, in order to make political capital at such a time as this. As the recognized financial critic on the opposite side, the hon. gentleman's speech ought to have been a criticism of the remarks of my hon. friend the Finance Minister and a correction of his figures, if he was able to correct them. Instead of that, his speech was a wandering rehash of abuse and reckless assertions, a few of which I have dealt with, rather than go over the whole field. The hon. gentleman indulged in one very remarkable misstatement—shall I call it a misstatement? For courtesy's sake I will. He says that the last year in which the late Government was in office they managed to carry on the affairs of the country easily with \$19,000,000, and the first year we were in office we required \$24,000,000 to do the same work. Does the hon. gentleman deny this statement?

Mr. TUPPER: I do most distinctly. I said the expenditure for one year was so much, and the estimates for another year were so much.

Mr. MACKENZIE: Very well. I am glad he makes this statement. He knows very well they took estimates for 1873 for nearly \$24,000,000; and

if only \$19,000,000 were required, why did they take estimates for so much? Does the hon. gentleman mean to say that they deliberately took \$5,000,000 more than they required? If he does not mean that, he must abide by his own estimates, and the fact remains that their estimates exceeded our expenditure by several hundred thousand dollars, if we admit the services on the boundary question, the Indian treaties, and the North-West Mounted Police, and one or two other matters for which they never paid a farthing during their term. The absence of this expenditure alone, reduces our estimates of 1874-5 considerably below the estimates they took for 1873-4. I exposed this fallacy in a speech I made at Whitby in the presence of the hon. gentleman himself, and I gave there the exact figures and the services, and I proved conclusively that our expenditure was less during our first year of office than theirs was expected to be for the last year that they took estimates.

Mr. TUPPER: What was the verdict of the people?

Mr. MACKENZIE: The hon. gentleman says the battle of protection was fought out in some of the rural constituencies, but he says also that in the Ontarios the Ministerial candidates were outvying the Opposition candidates in their advocacy of Protection. Well, their defeat must be attributed to that. What took place with regard to my hon. friend from Bothwell? He did not sail under false colours. He fought out the battle of Free-Trade, and he had the two apostles from the Ontarios and four or five others, and a great many others who could not tell if they were asked whether they were protectionists or not, fighting against him. We had the whole tribe there, and the result was that my hon. friend came back with a largely increased majority. Now, Sir, the hon. gentleman said to-night, referring to the amount of customs collected by my hon. friend behind me, that it cost \$50,000 more during the first year we were in office than it did during the last year we were in office. I think that was the statement.

Mr. TUPPER: No; I will give you the figures.

Mr. MACKENZIE: Well, while the hon. gentleman is looking for the figures I will tell a little story.

Mr. TUPPER: The hon. gentleman can go on with his story when I have finished. What I said was that in 1873-74 we collected \$1,491,255 more in the customs than the present Government in 1875-76, and that the cost in 1875-76 was \$62,709 more.

Mr. MACKENZIE: Very well; I will tell the story now. I am sure the hon. gentleman forgets it, and it will be remembered with some interest. It took place in the last days of October, 1873, and in the early days of November, 1873, and during that interesting period in which my hon. friends opposite were industriously engaged in keeping up a sham battle in this House, and making appointments of various kinds. In the early days of November, 1873, the hon. gentlemen opposite were engaged in making appointments by the hundred, and not content with that, my hon. friend from Cumberland had an Order-in-Council which raised all the salaries in the Customs to the extent of \$60,000, almost the exact amount which he charges my hon. friend with having spent. It was quite evident to any one who had access to the Privy Council Chamber immediately after the resignation of the late Governor, that when the place was vacated by the hon. gentlemen opposite, they never expected to inhabit the place again. And, notwithstanding a little assistance that a time of distress has been to them during last season, they never will be tenants there again.

Mr. TUPPER: I am sorry to interrupt the hon. gentleman's story, but I must do so in order to be true to history. The hon. gentleman will find if he takes my figures, that the expenditure that very year for which the salaries were increased—1873-74—was \$658,000, as against \$721,000 for 1875-6.

Mr. MACKENZIE: The hon. gentleman cannot deny that what I state is a fact—that the increase of salaries was in the neighbourhood of \$60,000.

Mr. MACKENZIE.

Mr. TUPPER: The increase of salaries was made under an order of the House.

Mr. MACKENZIE: What we have also done has been under an order of the House. He cannot have the plea of an order of the House as an excuse in his case alone. The hon. gentleman in comparing the figures of the respective Governments, forgot to mention another little item of interest. I have shown that when they left office the public expenditure was at twenty-four millions. When they entered office the public expenditure stood at thirteen millions, and in the course of six years they increased the expenditure by eleven millions. We have been in office three years, and have decreased the expenditure by one million and a half. That is the difference between the two Governments. We have, moreover, made the most ample provision to have all the public wants attended to. We have erected public buildings in different places, the buildings at Montreal, Toronto, and in this city having been almost entirely constructed during that period; and further, we have effected the reduction of the Estimates which were left us when the hon. gentlemen opposite resigned office. This is a true statement. Anyone who chooses to examine the Public Accounts will see for himself the real state of affairs. When these gentlemen were installed in the Government in 1867, the country was in the hey day of prosperity. For three years previous our farmers sold everything that could be sold. The United States markets were exhausted, and they looked to Canada for a supply of produce and goods required during the war. Our farmers east and west, and our mechanics were able to send their products into the United States. As I have said, those hon. gentlemen took office in the midst of the prosperity, and that prosperity continued for years. They went out of office at the very time when we were all beginning to feel that a period of depression had arrived, which would tax the energies alike of private citizens and the Government, and any fair minded man would have acknowledged the difficulties with which this Government has

had to contend. But instead of that, the Government received nothing except the most captious, ill-natured and unfair criticism that ever assailed a Government. If the hon. gentleman and his friends imagine that the country is so blinded by passion or prejudice as to accept his statement and his interpretations of public affairs during the past few years, the hon. gentleman never made a greater mistake. The people are not ignorant, and it does not require the presence of the hon. member for Cumberland, even in Ontario, to enlighten the people in that dark region by his own exit from his own Province, into the the midst of them. Those hon. gentlemen came into power, and instead of husbanding the resources of the country at the time when they had resources to husband, instead of acting as the Israelites did in Egypt, when called by Pharaoh to provide against the seven years of scarcity, they spent everything they could lay their hands on, and when they went out of office, carried the whole balance with them. Why, if hon. gentlemen had had any successors except those who were provident, active and careful in the administration of public affairs, if they had been succeeded by rash men like themselves, the country might have been ruined; but it rested with the Reform party to succeed hon. gentlemen opposite just as they had brought the country to the verge of disaster, as they had defiled its public morals, as they had spent its money, as they had made preparations for further expenditure. It was left for us to take up the management of affairs at this particular juncture, and by the wise efforts and management of the Finance Minister and other Ministers, public affairs have been so directed that the finances of the country have been husbanded and prosperity will ere long return—a prosperity that is even now appearing on the horizon, a prosperity that owes nothing either to that political party or to this. The prosperity of this country depends on the industry of its people. It does not depend upon party *claqueurs* or upon political nostrums, but it depends upon the industrial power of the people; and the day will never come when either the hon.

gentleman or I will be missed when we take our departure from these legislative halls, because other men will rise in our places, and the country will go on never heeding the time when a Tupper pronounced as the sole remedy for the ills of Canada the imposition of a duty on sugar and coal. John Bright said, in a very recent speech, that he could not compare the extravagant absurdities of some people who waited upon him desiring protection, to anything except a person who had got a box on the right ear and turned round desiring a corresponding one on the other ear. And this is the sole remedy of these hon. gentlemen for the sorrows of the country, the sole remedy for a depressed people and for depressed industries. Their sole remedy is to tax the people more; make the people pay more, say these hon. gentlemen, and that will surely bring a general era of prosperity. My belief is that if the country does desire to be more highly taxed, the hon. gentlemen opposite should return to power, for they and they only of all public men are willing to adopt this extraordinary remedy. For a patient whom they admit to be tolerably sick, they propose the system of counter-irritation; because there is a sore on one side the hon. member for Cumberland proposes to put a blister on the other, and that is done to promote the prosperity of the country.

Mr. TUPPER: That is good treatment.

Mr. MACKENZIE: Then God help the country that is to be subjected to that treatment. I do not, to-night, Sir, propose to enter upon any critical analysis of the statements of the hon. gentleman, because I will leave that to my hon. friend the Finance Minister. I desired merely to deal shortly with some of the political features of his address, and with some of the extraordinary statements he made in the course of it, and I shall on a future occasion take the opportunity of referring more at large to some of the questions he raised. In the meantime, Sir, I have only to say that if the hon. gentleman imagines that speeches such as he has delivered

to-night are calculated to advance either his personal or political interest, or to advance the prosperity of the country, I think that he will find that the voice of this House on both sides will pronounce against such an assumption, and that a considerate and fair criticism will always be best for the object he is aiming at—best in the interest of the dignity of the country and the dignity of this House, and that any other procedure on his part, or on the part of any other public man, will merely result in a degradation which must be deplorable to every honest man.

Sir JOHN A. MACDONALD: The hon. the Premier is wise in his generation. He says he will not at this late hour of the night, or at any other time indeed, attempt to make an analytical criticism of the speech of my hon. friend. He wisely leaves that to the Finance Minister. It is far above his capacity, and the announcement he has now made shows that he is conscious of the fact. If my hon. friend wanted a tribute to the surpassing ability of his speech to-night, if he wanted evidence of the effect it has had on the Premier and on his followers, he would have it in the tone, in the manner, and in the style of the speech of the hon. Premier. I have heard the First Minister make many speeches, I have heard him make many strong speeches; but never in my life did I hear him make, either as a private member of this House and unofficially, or as the head of the Government, a speech so replete with violence, so replete with strong and unparliamentary language, so uncandid and so ungenerous, and so unworthy of his position, as that which he has made to-night, and he, forsooth, charges my hon. friend with making his speech a mere tirade of vulgar abuse. Sir, it was an incisive speech, it was an able speech, it was a fair speech, a conclusive speech, showing the faults of the present Government; and it was because it was of its incisiveness that it was so felt by the hon. Premier, and so felt by the whole House. Had it been a tirade of abuse, or had there been anything unparliamentary in it, you, Sir, in the exercise of your functions, would have called the hon. gentleman to order. But my hon.

friend's speech was not of that character, and he has a right to throw back on the hon. gentleman the charge that it was unparliamentary, or that it was unworthy of him as a distinguished statesman of Canada or as a member of this House. But, Sir, the flesh will quiver when the pincers tear; and as every sentence came down on my hon. friend and on the Finance Minister they felt it keenly, and the feeble cheers you heard behind them showed that it was also felt among all the supporters of the hon. gentlemen. The hon. Premier charged my hon. friend with using improper and coarse language, because he stated that the return in the *Gazette* was false in fact. My hon. friend told this House that either these returns were of no value, or that they were calculated to deceive the country. What were those returns placed in the *Gazette* for? To give information to the public as to the actual state of the revenue, as to what are actually the receipts and expenditure. The hon. Minister of Finance admits that they are not correct returns, and, therefore, that they are not of any value to the country.

Mr. CARTWRIGHT: They were quite correct when they were made.

Sir JOHN A. MACDONALD: The hon. gentleman says they were quite correct so far as known to the auditor, but of what advantage is that to the country? What the country wants to know is what the whole amount of the receipts and expenditure is at present, and not what it was at some other time in the Audit Office. The hon. gentleman says that my hon. friend from Cumberland should have confined his speech to a criticism of the Budget speech, but that instead of that he launched into a general political discussion. He did not do so, Mr. Speaker. As was his duty and as was his right, and as was according to practice, he went into a general discussion of the state of public affairs as connected with the revenue and expenditure, and as connected with the financial policy of the Government. That is what he is here for, and that work he did thoroughly; and when he alluded to the Washington Treaty, to the Pacific Railway, or to any other subject, he

Mr. MACKENZIE.

did not discuss those matters as matters of general political importance, but purely in their commercial and financial relations. He spoke of the Washington Treaty with reference to the Fisheries, with reference to the policy of the Government in regard to that subject, and with reference to the mission of Mr. George Brown to Washington in connection with that Treaty. He did not enter into a general discussion of the treaty. My hon. friend the Premier took quite a different course. He wanted to draw the herring in front of the hound in order to lead him off the scent. He wanted to take away the attention of the House from the *exposé* of the incapacity and extravagance of the Government, and their failure to carry out the pledges and promises they made at the time they took office. He commenced to say that if such speeches were to be made, if the policy of the Government was to be discussed, if they were to be arraigned for their incapacity, if the policy of the Finance Minister was to be attacked, he would not reserve his reticence on the Washington Treaty. Let the hon. gentleman tell what he knows. The hon. gentleman has never shown such reticence on that subject when he thought he could make it the ground of a political attack on his political opponents, and he is welcome to make use of what he knows in regard to it. He thinks that in saying this he is hitting me. He was hitting the Imperial Government; he was hitting Mr. Gladstone's Government; he was not hitting me at all; and, Mr. Speaker, I can only say this, that looking back to 1871, and looking at the position in which England stands now and the position in which she has stood for the last four months, I can thank God as a patriot and as a lover of my country that that treaty was made. Sir, we all know that if all differences had not been settled between England and the United States,—if the Alabama difficulty had not been arranged—England would have been powerless as a nation. She could not hold her position in Europe with the United States on her flank.

Mr. BLAKE: There's a patriot.

Sir JOHN A. MACDONALD: The hon. gentleman calls me a patriot. I believe I am a patriot. I certainly love my country, perhaps not more than the hon. gentleman, but as earnestly and as honestly as the hon. gentleman. Sir, England has been in great danger for months and months of a war in Europe and the Mediterranean. She has been in danger of being at war with one of the greatest military powers in the world. We all know that if the Alabama question had not been settled, and England was about to engage in a war with Russia, she would have to prosecute it against the united powers of Russia and the United States. But by the consummation of that treaty, and by the settlement between the United States and England under that treaty, it is that England can assume the position of the controlling power of Europe. But we have fought out that treaty in this House again and again, and it has been approved time after time. We have gone to the country on it, and it has been approved. Parliament approved of the treaty, and I believe the House approves of it since. And now, moreover, we are quite prepared, any time when the hon. gentleman pleases, to submit the question to the people again, and I have no doubt that we would be successful. The hon. gentleman chose to sneer at my hon. friend for his allusions to the national policy, and he ventures to charge my hon. friend with having voted against his own policy, with having repealed that policy, and with having improperly attempted to make capital against the hon. gentleman or the other side for their course. Never, Sir, was there a more disingenuous statement made—never a statement more unfounded, in fact, than that. I am surprised that the hon. gentleman so far forgot himself as to make that statement in this House. I know the hon. gentleman made it elsewhere, but I am surprised that he would have the hardihood—if that is not an unparliamentary expression to use—to do that, Mr. Speaker; when the resolution was carried to repeal the Act of the previous session, what is called the National Policy Act, the whole power and force of the Government was ex-

exercised in order to defeat that proposition. But the hon. the Premier was the leader. He led every one of his followers, whether Free Traders or Protectionists, to vote for the repeal of the National Policy.

Mr. MACKENZIE: I was not here, Sir.

Sir JOHN A. MACDONALD: There was a combination. He was joined by men who usually supported the Ministry. The Government had a good working majority at that time in Parliament for their general policy, and for their general course and administration. On that question there was a difference of opinion. A certain number of their followers voted and joined with the hon. gentlemen, and I have no doubt most of them have regretted it bitterly since.

Mr. MACKENZIE: I was not here at all.

Sir JOHN A. MACDONALD: Oh no. I forgot that my hon. friend was attending to a local election at that time.

Mr. MACKENZIE: And carried it too.

Sir JOHN A. MACDONALD: But his spirit was here and his followers were all here. The whole power and influence of the Government were used for the purpose of preventing the repeal of that Act; but were defeated by the whole vote of the Opposition uniting with a portion of the Ministerial supporters. The Government had one of two courses to take: either to accept the decision of the House or to resign. Mr. Speaker, they accepted the decision of the House—and why did they do so? Because they were defeated in one branch of the National Policy was that a sufficient reason why they should hand over the whole National Policy to the gentlemen opposite. The hon. gentleman knows, and this country knows that it was alleged and stated by the Ministry at the time they laid their policy before the House originally, that it was the commencement of a national policy. It was a tentative proposition. It was the entering wedge for the purpose of laying the basis for a national policy. The hon. gentlemen

Sir JOHN A. MACDONALD.

opposite would not have carried out this policy, but would have introduced the policy which they are carrying out to-day, namely, that of rigid free trade, irrespective of all encouragement to our agricultural and manufacturing interests. I say my colleagues would not have been justified in resigning, especially in my absence, I being at Washington. And so the proposition of the House was accepted. It would have been an unwise, unpatriotic and unstatesmanlike course to have resigned; and therefore they accepted the decision of the House, and in obedience to that decision they amended the Supply Bill, to carry out the resolution of the House. The Government, having accepted the decision of the House, were bound in honour to carry it into effect by an Act of Parliament. If they had gone back on their pledge, and had tried to steal a reversal of the decision of the day before, they would have acted dishonourably. And so that vote, of which the hon. Premier boasts so triumphantly, was only carrying out their pledge, they having submitted to the decision of the House. Mr. Speaker, with reference to the Budget and tariff that have been now brought down, I must say that intelligence respecting the alterations in the duties, will be received through the whole of this country—at all events throughout the length and breadth of the two Provinces of Ontario and Quebec—with dismay. Sir, the struggling and suffering manufacturers of both these Provinces have been hoping against hope for some relief, and although but little was to be expected from the hon. gentlemen opposite, they thought that the depression was so obvious, the distress so overwhelming, and so long continued, and the cry for help from all parts of Ontario and Quebec so unanimous, that the Government, notwithstanding their prejudices in favour of free trade, and the opinions some of them had expressed in this connection, would have risen superior to their past position and pride of opinion, and have come forward with aid in this trying extremity of this country—this extremity of distress, which is admitted by the hon. gentleman in his speech on the Budget—and this great financial and commercial

depression. And the hon. gentleman knows, because he is, of course, owing to his position, in communication with Montreal, and the great centres of business and manufactures in the country—that the cloud is darkening, and that notwithstanding the hope expressed by the Premier, there is no light in the sky as yet, and no sign exhibited of the disappearance of the present state of depression and distress. Sir, all these industries, and not only the manufacturing classes, but the working men, the labouring classes, and the whole commercial community, were looking forward for financial relief as a consequence of the meeting of this Legislature; and I say that when the news is flashed over the wires to-morrow, west, east, north and south, that there is no such alteration as is required, and no relief, many a man who has been keeping up his heart, and keeping open his warehouse and place of business at a ruinous sacrifice in order that his workmen might not starve, will be obliged to close his factory, and dismiss his employees, and perhaps be driven to the Insolvent Court, owing to the policy adopted by the hon. gentlemen opposite. But at least there is a relief,—we will have our coal oil a little cheaper. But even as to that, Mr. Speaker, the old women when they look at the lamp, they will say, “We are getting our oil a little cheaper, but it is only transferring the tax to the tea-pot.” Mr. Speaker, the policy of the Government is one at which I am not surprised. It was announced last Session by the hon. member for North York, who is a powerful supporter of the Administration—that the line had been drawn at last, and that the line between the Ministerial party and the Opposition party was protection and free trade. He thanked God that the Ministerial party had at last hoisted the free trade banner, and that they were going to fight under it. The hon. gentlemen may fight under it, but they will fall under it, and although my hon. friend the Premier may keep up his heart, and try to encourage his supporters by stating that their position is not affected and that the country is still with them, notwithstanding all this depression, for which he will not hold himself respon-

sible, still the fact is, that he does not possess the confidence of the country. Why Sir, this country must be paying a vast sum of money for this style of administering its affairs. The hon. gentleman says, that neither this nor any other Government could relieve the country; but I deny that. A wise Government can do great things towards alleviating distress and depression. They cannot do everything, but they can restore confidence by assuming such a position as gives confidence to the country. It may be that the country is wrong and the hon. gentleman right; it may be that the unpopularity, which it must be obvious to the hon. gentleman and everybody, has come upon the hon. gentleman, may disappear, and it may be that they will recover their standing in the country, and regain the confidence they have forfeited; but can they, as gentlemen of candor and men of honesty, say that they do not know that the country is now against them. Why, Mr. Speaker, it would be admitting that they were blind to the plainest evidence, if they did not admit that the present feeling of the country is not in their favour. There is dissatisfaction in Ontario as the hon. gentleman knows well,—there is, in fact, dissatisfaction in every part of the Dominion. The elections as they have come off prove that beyond a doubt. Whether you look at the two Ontarios or at Kamouraska, you will find what the feeling in Canada really is. If you want to know what the feeling is in Nova Scotia, look to Victoria; and, as my hon. friend says, go to Halifax and see why the Government dare not open that seat. My hon. friend the Premier has tried to convict my hon. friend who sits beside me of an inaccuracy or a want of memory in stating that in 1872 the policy of the Government on the Pacific Railway was not known. The hon. gentleman says the Government had not formed their policy, and that it was after the election that they announced it. Well here are the Statutes of 1872, and here is the Act respecting the railway, which gives the Government power to raise thirty millions of money and to grant fifty millions acres of land; it also gives the Government power to amal-

gamate with any company which may be formed. There is the Act, and in that Act the policy is laid down, the maximum of money is specified, and the quantity of land is laid down. It was passed, as everybody knows, in the Spring of 1872, and was discussed at every hustings in the country. My hon. friend the Premier is certainly amenable to the charge which he has hurled at the hon. member for Cumberland when he states that at the general election of 1872 the scheme was not before the country. We have heard a great deal from the Premier about what they had done on the Pacific Railway. We will, however, have that up by-and-by on the report. He says they have done an enormous amount of work, in reply to my hon. friend from Cumberland, who stated that there had been \$6,000,000 spent in surveys, and no part of the railway was practically finished. I believe the Report the Minister of Public Works as laid on the table shows that there are twenty-four miles finished. My friend, therefore, was not so inaccurate, for if there are only 24 miles finished, while \$6,000,000 have been expended on surveying where the road is not to be laid. Mr. Speaker, at this late hour I do not propose to detain the House any longer. This subject will be and must be fully discussed, and all the various questions which have been introduced into this debate will be considered again and again, so that every hon. member will have the opportunity of expressing himself upon it. Again, I say, I regret for the sake of the country, for the sake of our struggling industries, for the men of business who are now trembling on the brink of bankruptcy, that the Government have not come forward to give them assistance. The hon. gentleman quotes my resolution of last Session, and says, that we do not there propose an increase in the tariff. I believe in an increase that will not press unduly on the resources of our people. I believe in a re-adjustment of the tariff that if carried, would give confidence to every manufacturer, that would give labour to our skilled artisans, that would restore confidence to our financial institutions, and that would give

back to the country the prosperity it lost three years ago.

Mr. CARTWRIGHT: At this late hour I shall not avail myself of the privilege which belongs to the Finance Minister, of replying at any length; but, as the right hon. gentleman who has just addressed the House, if I understood him aright, intimated that the Government is largely responsible for the existence of the present depression, and that a wise Government could do a great deal to restore confidence. I give him notice that, when the question comes up again, I shall call the attention of the House to a series of interesting facts which occurred during his *régime*. We had a total deficit of about 8 per cent. on the transactions of last year; but what were the deficits which occurred during a term of ten years during which that hon. gentleman presided over the destinies of the country? One year it was 25 per cent.; in another it was 8; in another it was 12; in another it was 22; in another it was 9; in another it was 4,—facts which, I suppose, he thought too insignificant to mention. If that hon. gentleman really wishes to discuss the position of the late Government, nothing will give us greater pleasure than to go into details and to show who is really responsible for the present position of the country, and I will be willing to discuss those matters at as great length as hon. gentlemen may require. As to other matters, I will, for the present, confine myself to calling the attention of the House to one or two of the most glaring inaccuracies in the statement indulged in by the hon. member for Cumberland. I desire to point out that the whole question at issue between the hon. gentleman and myself is this: Was I, or was I not justified in estimating the true market value of the loan, not by two or three stray quotations for two or three stray days, but by the price at which bonds sold on the London market for months before and after my loan was put on the market? With respect to the course pursued by Messrs. Baring and Glynns, as to whose conduct I am exceedingly sorry the hon. gentleman should have spoken as he did, I desire to call attention to this fact, that the

price of the loan was fixed before I gave any instruction to Messrs. Baring and Glynn, that I expected them to take a certain portion of it. It is my duty to state further, that, although the London agents might have fairly claimed the right of taking subscriptions to the amount of £500,000 each, they confined themselves to the subscription of £250,000, and, if they made £50,000 or £20,000 out of the transaction, they must have been even more dexterous financiers than the hon. member for Cumberland. With regard to the other allegation of the hon. gentleman, if he will show to the House a single loan made by a foreign country of note in England, during the last half-dozen years, except at a fixed price, I will admit there is some just cause for his censure. As the hour is late, I will not review the hon. gentleman's somewhat rash and inaccurate statements, but I confine myself to repeating the assertion that, as touching returns, furnished by the Audit Department, be the present system good or bad, it was acted on for many years under the *régime* of the hon. member for Kingston. If, therefore, any blame is to be attached to any one, the blame must rest on that hon. gentleman, who inaugurated and continued it for so long a period. I beg to move, Mr. Speaker, that you do now leave the chair.

Motion agreed to.

House resolved itself into Committee of Ways and Means.

(In the Committee.)

1. *Resolved*,—That in lieu and stead of the duties of Excise imposed on the articles herein mentioned by the Act respecting the Inland Revenue (31 Vic., chap. 8) it is expedient that the following duties of Excise be imposed and collected:—

1. On every pound of malt, two cents.
2. On every gallon of any fermented beverage made in imitation of beer or malt liquor and brewed in whole or in part from any other substance than malt, eight cents.

3. Provided that Brewers using sugar in the manufacture of beer and paying the above-mentioned duty on the beer made therewith, may receive a drawback equal to the duty paid by them on the malt used with such sugar in making such beer.

2. *Resolved*,—That it is expedient to amend the Act 31 Vic., cap. 44, and other Acts amending the same, and the Tariff of Duties of Customs contained in the Schedules annexed to the said Acts:—

3. *Resolved*,—That it is expedient to repeal so much of Schedule A of the said Act, 31 Vic., cap. 44, as imposes any Specific Duty of Customs on any of the goods or articles hereafter mentioned, and to substitute therefor the following Duties of Customs, viz.:—

On Cigars, including Cigarettes, 50 cents per lb., and 20 per centum *ad valorem*.

On Tea—Green or Japan, 6 cents per lb.

On Tea—Black, 5 cents per lb.

On Cologne Water and Perfumed Spirits when in flasks or bottles not weighing more than 4 oz., 25 per centum *ad valorem*.

On Malt, 2½ cents per lb.

On Oils, viz.:—Coal and Kerosene, distilled, purified and refined, Naphtha, Benzole and refined Petroleum, Products of Petroleum, Coal, Shale and Lignite, not otherwise specified, and Crude Petroleum, 6 cents per wine gallon.

4. *Resolved*,—That it is expedient that so much of Schedule B of the Act 31 Vic., cap. 44, or any Act amending it, as imposes any Duties of Customs upon Ale, Beer and Porter be repealed, and that the following specific duties be imposed and collected thereon, viz.:—

On Ale, Beer and Porter, when imported in bottle (6 quart and 12 pint bottles to be held to contain an Imperial gallon) 18 cents per Imperial gallon.

On Ale, Beer and Porter, when imported otherwise than in bottle, 12 cents per Imperial gallon.

5. *Resolved*,—That it is expedient that so much of the Act 37 Vic., cap. 6, or any Act amending it as imposes a duty of ten per centum upon the following goods, viz.:—

Cotton Thread in hanks, coloured and unfinished, Nos. 3 and 4 ply—White

—Not under No. 20 yarn,

Cotton Warp, not coarser than No. 40,

Cotton Thread on spools,

Machine Twist and Silk Twist,

Linen Machine Thread,

be repealed and the said goods be held to be and dealt with as non-enumerated articles, subject to a Duty of Customs of 17½ per centum *ad valorem*.

6. *Resolved*,—That it is expedient, that so much of Schedule C. of the said Act 31 Victoria, ch. 44, or any Act amending it, or any Order in Council as admits the following goods for entry free of duty, viz.:—

Tubes and Piping of brass, copper or iron drawn.

Cotton Thread in hanks, coloured and unfinished No. 6 ply—White, not under No. 20 yarn.

be repealed; and that the following duties of Customs be imposed and collected on the same, viz.:—

On Tubes and Piping of brass, copper or iron drawn, 17½ per centum *ad valorem*.

On Cotton Thread, in hanks, coloured and unfinished, No. 6 ply—White—not under No. 20 yarn, 10 per centum *ad valorem*.

Mr. WOOD said that formerly drawn tubings were admitted free if not screwed and coupled. He asked if they would still be so admitted.

Mr. CARTWRIGHT said they would come under the name of unenumerated articles under the operation of that clause.

7. *Resolved*,—That it is expedient that so much of the Act 37 Vic., cap. 6, as imposes a specific duty of Customs on wines be amended by adding thereto the following provision—In computing the worth of all wine there shall be included the cost of bottling, corking, wiring, labelling, and of the materials used therein, and all other expenses incurred prior to actual shipment—except the cost of bottles and packages which shall remain subject to the duty of 17½ per centum *ad valorem*, provided by the next following resolution.

8. *Resolved*, That it is expedient that so much of any Act or Schedule as aforesaid, as imposes any duty of Customs on non-enumerated goods and packages be repealed and the following provisions substituted therefor, that is to say:—

The value of all Bottles, Flasks, Jars, Dimijohns, Carboys, Casks, Hogsheds, Pipes, Barrels, and all other vessels or packages manufactured of Tin, Iron, Lead, Zinc, Glass or any other material, and capable of holding liquids, Crates containing Glass, China, Crockery or Earthenware; and all packages in which goods are commonly placed for Home Consumption, including cases in which bottled Spirits, Wines or Malt Liquors are contained, and every package, being the first receptacle or covering enclosing goods for purposes of sale, shall in all cases in which they contain goods subject to an *ad valorem* duty be taken and held to be a part of the fair market value of such goods for duty, and when they contain goods subject to specific duty only such packages shall be charged with a duty of Customs of 17½ per cent *ad valorem* to be computed upon their original cost or value, and all goods not enumerated in this said Act or any other Act as charged with any duty of Customs, and not declared free of duty by some unrepealed Act or provision,—shall be charged with a duty of Customs of seventeen and one-half per cent. *ad valorem*, when imported into Canada, or taken out of warehouse for consumption therein; but all packages not herein before specified, and not specially charged with duty by any unrepealed Act, and being the usual and ordinary packages in which goods are packed for exportation, according to the general usage and custom of trade, shall be free of duty.

Mr. CARTWRIGHT.

9. *Resolved*, That it is expedient to repeal the Act of 31st Vic. cap 50, intituled "An Act to impose certain duties on Spirits and Petroleum."

Mr. TUPPER: I did not catch the statement of the hon. the Finance Minister as to how much he expected to obtain from the revision of the Tariff in addition to any loss which he expects to accrue.

Mr. CARTWRIGHT: Between \$400,000 and \$500,000, I think.

Mr. TUPPER: You assume that you lose on the petroleum, and make it up on the tea, and gain that amount on the whole revision of the Tariff?

Mr. CARTWRIGHT: Yes.

Resolutions *ordered* to be reported.

House *resumed*.

Resolutions *reported*.

House adjourned at
One o'clock.

HOUSE OF COMMONS.

Wednesday, Feb. 21st, 1877.

The Speaker took the chair at Three o'clock.

BILLS INTRODUCED.

The following Bills were severally introduced and *read the first time*:

Bill (No. 20) To amend the Act of incorporation of the London and Ontario Investment Company (Limited).—(Mr. Macdonald, Toronto.)

Bill (No. 21) To amend the Act 37 Victoria, chapter 57, respecting Permanent Building Societies in Ontario.—(Mr. Hall.)

Bill (No. 22) To incorporate the "Dominion Grange of the Patrons of Husbandry."—(Mr. Rymal.)

Bill (No. 23) To extend to the Province of Prince Edward Island certain of the Criminal Laws now in force in other Provinces of Canada.—(Mr. Blake.)

Bill (No. 24) To amend the Act respecting larceny and other similar offences.—(Mr. Blake.)