

year, the customs fell short \$345,000 and miscellaneous \$328,000. With reference to the ascertained expenditure for the same year, it would be seen that the estimate submitted to the House, in April last, was \$14,321,000, and the ascertained result, as regarded the Dominion proper, was \$12,973,000; the expenditure on account of the Provinces, with which they have been charged, was \$572,790, making a total of \$13,235,790 of expenditure. This fell short of the estimate \$775,210. He desired to place them into possession of the actual result brought down to a Dominion basis, leaving out on both sides the receipts and payments found to belong to the various provinces. Leaving this out of account, he found that the last year's revenue of the Dominion proper was \$13,835,460 and the expenditure \$12,973,211, showing an apparent surplus of \$862,259; but it was only an apparent surplus, the House must not infer it to be an actual surplus, for during the first year of Confederation those various services which would in ordinary years have gone to swell the figures of 1867-8 were not so chargeable that year. None of the services of the preceding year came into account the first year of our existence, whereas some of the services properly appertaining to that year were postponed until 1868-9.

The Auditor estimates that amount at \$300,000 which will leave as the actual surplus for 1867-8, the sum of \$562,259; but he the Finance Minister, was inclined to reduce the amount \$500,000; though every effort has been made to act with strict impartiality, and fairness, yet possibly their friends from Ontario and Quebec might take exception to some of the items. Taking this sum of \$500,000 from the \$862,259, the apparent surplus, the real surplus of the first year of Confederation will be reduced to a little over \$360,000.

He next came to the current year 1868-9, of which ten months had already elapsed. He desired to call the attention of the House to the estimate made in March, 1868, of the probable receipts and expenditure for the current year. At that time there were three great sources of revenue Customs, Excise and Miscellaneous. Only two of these sources exist now; Miscellaneous being reduced to very small dimensions; from these two therefore, the estimated receipts were calculated. Customs was set down at \$9,000,000. The actual result, judging from the Customs receipts of the past ten months, will be a deficiency of nearly a million. The Excise was estimated at \$3,514,000, but it would probably not be so much by about \$600,000. The Miscellaneous was estimated at \$2,500,000, whereas the yield be \$2,716,000; showing an excess of \$216,000. The result of these items show that while the Revenue was last year estimated at \$15,114,000, the real revenue calculated by the experience of the past ten months would be about \$13,750,000, which will give a falling off in receipts of about \$1,364,000.

He would next refer to the operations of the year 1868-9. The gross receipts of the year were \$25,869,037; deduct from this loans for redemption of debt \$12,124,381, will leave as ordinary revenue \$13,743,656. The gross expenditure for the same period was \$22,409,181; from this deduct redemptions of public debt and investments and payment of arrears, amounting in all to \$8,938,556 leaving as ordinary expenditure \$12,470,635. This leaves a balance in favor of the year's operations of \$274,032. (Hear, Hear.) In stating these figures he had concealed nothing, there had been no postponement of payments.

The Government knew that the revenue was falling off, and that they were asked to submit an estimate of the probable expenditure for the coming three months. With care and accuracy they estimated it at \$4,733,195. He then reverted to our actual financial position as affected by the legislation of last session. When he addressed the House last session, there was a considerable floating debt, to the Bank of Montreal and the agents in England; there was also a million of seven per cent bonds maturing; in addition, payments on account of the Provinces of New Bruns-

wick and Nova Scotia for public works. To meet these payments, and sponge out the National Debt required a very great strain at the outset upon the resources of the Dominion.

The Savings Banks, though, in operation for so short a time, had been evidently productive of great good; there were 213 banks with 6,079 depositors the majority of whom were minors and married men. The Deposits amounted to \$676,383. The total amount received an account of the Intercolonial loan was \$10,283,003; of this government invested \$270,000 at 6 per cent. in the Sinking Fund, thus reducing our debt by so much. They had paid off the old Imperial loan for building canals, bearing 4 per cent. interest \$671,000, they had paid off the loan from Baring's and Glyn's bearing 5 per cent. interest \$983,000. Next they paid off the Bank of Montreal \$2,500,000 together with \$500,000, due to the Ontario Government, and besides had redeemed the 7 per cent. debentures issued two years ago, to the amount of \$873,000. Of the balance of the Intercolonial loan, there was in the Bank of Montreal \$1,500,000, and the remainder \$2,900,000 was in the Agents hands in London.

For recouping the loan when required, they had \$270,000 of Sinking Fund, \$2,900,000 in hands of London Agents, \$749,000 of India Bonds, \$3,254,000 of Great Western Railway debts, receipts from insurance companies for two years \$1,500,000, deposit in Bank of Montreal at 4 per cent. \$1,500,000, the Savings Bank deposits, a credit of £500,000 with the Bank of Montreal and £250,000 with Baring's and Glyn's—total an excess of \$974,000 over and above the amount of the Intercolonial loan.

As regards the condition of the country, he considered it good. Whatever of embarrassment existed was owing to over-trading. He took as indications of the soundness of the country the facts that the deposits in the banks had increased from \$8,300,000 in 1858 to \$26,700,000 in 1868; that the deposits in the savings banks in Ontario and Quebec had increased from \$2,900,000 in 1866 to \$3,234,000 in 1868; and the building society deposits from \$555,000 to \$919,000, besides the deposits in the post office savings banks, amounting to \$670,000. The savings bank deposits in New Brunswick and Nova Scotia had also increased, so that during the last three years the total deposits in the banks and savings banks had increased from \$32,600,000 to \$37,500,000. The railway traffic also showed an increase from \$4,620 per mile in 1866 to \$4,800 in 1867, and \$5,020 per mile in 1868. In 1866 there was an increase of bankers' capital of \$1,618,000, in 1867 of \$1,799,000, and in 1868 of \$2,838,000. He alluded also to the progress made by the municipalities in the Dominion, and said that the municipal returns from twenty counties of Ontario showed for the year 1868, as compared with 1867, an increase in assessed value of real estate of \$1,716,000; of cattle, \$385,000; of sheep, \$156,000; and of horses, \$458,000. In some of these counties there was a decrease under certain heads to the amount of \$242,000, but altogether there was an increase in those twenty counties of \$2,480,000. If the same increase were preserved for the other counties there would be an increase in one year in the value of assessed property for the whole of Ontario of \$3,588,000. In view of such facts as these he thought he was warranted in asserting that though some interests might be languishing, the country was substantially in a sound condition. He referred, also, in this connection, to the great rise in the value of our securities in England, and then adverted to the overvalued circumstances which had produced the importations of some years back, especially to the great demand from the United States to fill the vacuum caused there by the war. From these causes our total imports had risen from \$37,800,000 in 1864-65 to \$52,600,000 in 1866-67. The imports of dry goods in the same period increased from \$13,500,000 to \$21,500,000. In the latter part of 1867-68 the imports began to fall off,

principally in cottons, woollens and linens. The decrease in the percentage of duties this year was not less than 25 per cent. on woollens, 16 per cent. on cottons, and 24 per cent. on linens. In millinery there was an increase, however of 12 per cent., and there was an increase in the article of liquors in much the same proportion. On the first nine months of the fiscal year, 1868-69, as compared with the corresponding period of 1867-68, there was a decrease in customs duties of \$450,000 or 9 per cent in the old Province of Ontario; of \$101,000 or 15 per cent. in New Brunswick; and of \$321,000 or 37 per cent. in Nova Scotia. The total falling off in the Dominion was \$870,000 or 13 per cent. He proceeded to show on what grounds he had based his estimates for the coming year, 1869-70. In the first place he had ascertained the amount of goods in bond, which was \$3,100,000, in April, 1869, against \$2,906,000 in April, 1868. The duty on the goods now in bond would be \$1,021,000. The next inquiry was as to the amount of goods in the hands of merchants. Seven returns said the stocks were about the same this year as last; six said the stocks were larger; ten, and these from the more important points, said the stocks were considerably smaller. The next inquiry was as to the prospects of importation. Returns from eleven localities said the importation of the coming year would probably be in excess of those of the past year; seven said they would be certainly equal; six said they would be about equal; and five said they would be less. He thought that already there were symptoms, that trade was reviving. He did not expect the same excess of importation as had characterized some previous years, but already there were signs of a revival. The customs duties of the first four months of this year showed an increase of 2 per cent. over the corresponding months of last year. The month of April showed an increase of nearly 9 per cent. over 1868. From these facts he drew the inference that the recent falling off in imports was not due to any inherent, deep-rooted, deep-seated distress in the country, but was merely owing to an over importation of certain articles. He did not attach so much importance as some did to the Reciprocity Treaty. During the last year of its existence the export to the United States was \$21,340,000, and in 1868 \$20,061,000, or a little over five per cent. In lumber there was an increase of 44 per cent.; in animals a decrease of 46 per cent.; in grain and flour there had been a falling off, and in other articles a decrease of \$300,000. In 1866-7 there was sent from Canada to Nova Scotia and New Brunswick 408,000 barrels of flour. In 1868 there was an aggregate of 443,000 or an excess of 33 per cent. The increase in coal sent up was 17 per cent.

The gross estimate for the coming year was \$17,659,000; from customs \$8,600,000; excise \$3,300,000. In 1868 he might mention the consumption was 3,836,000; then as regards malt the estimated consumption last year was 27,000,000 lbs. Next year he estimated that the consumption will be 28,000,000 lbs. The tobacco estimate taking into account the large stocks on hand in the Maritime Provinces and the imperfect machinery yet in existence for the collecting of the duty, amounted to \$515,000. This he had no doubt would be very sensibly and largely increased. From petroleum last year, the receipts were \$99,000, and this year they were estimated at \$120,000. These three items constituted the \$3,300,000. The third item of revenue which includes the revenue from Public Works, Post Office, Stamps, &c., he estimated at \$2,665,000. The revenue, therefore, at a moderate estimate would be \$14,565,000 against an expenditure of \$14,319,000, leaving a very small but he believed a very certain balance on the right side of the account of \$246,132. In regard to the item in the estimates of \$336,000 for the Sinking Fund, he mentioned that he charged that item against the income for the year, because we had really and honestly to provide for it; that Sinking Fund as provided for was in hand, we have brought