

made itself felt in Canada to a less degree than in most other countries. We regret, however, to learn that although this has not resulted in any considerable decrease in the volume of our foreign trade, yet, owing to low prices and recent reductions in and removal of taxation, it has been followed by a serious decrease in revenue derived from customs and excise. We respectfully concur in Your Excellency's opinion that, in order to produce equilibrium between revenue and expenditure for the coming year, it will be necessary to observe the greatest possible economy in the appropriations for the various branches of the public service.

Now this is a very large question, and perhaps a question that we can discuss from a more general standpoint than that which I have been speaking of. The government propose to restore the equilibrium between the revenue and expenditure by resort to economy. I would point out that there is an easier way of accomplishing this object, and that is, in one word, by reducing taxation. If you reduce taxation you will immediately restore the revenue. That is a well known axiom in political economy. I would strongly urge upon the hon. the leader of the government to take this into his most serious consideration. A great predecessor of his, in the Imperial House, Sir Robert Peel, on the eve of bringing about free trade stated, "When I want to increase the revenue I take off the taxes." This is the same position the people of Canada find themselves in to-day. The government insist on applying economy, which is indeed a proper and desirable thing to do, but what I ask is that in addition to applying economy they should adopt the economic principle of assisting the industries of the country by a reduction of the taxation. The cessation of expenditure is not always economy: projecting a useful work in an economical manner is my idea of economy, while careless extravagance is a spendthrift policy. If they do the former they will find that the revenue will immediately respond. I have observed in the public press and the Conservative journals several references to the depression existing in the country, but whenever anything is said upon this question they say: "Oh well we ought to be very thankful because the rest of the world is very much worse off." I do not know if that is an argument that can be properly used. If I have anything like a correct idea of what protection was designed to accomplish, it was to so contract our foreign trade that we might trade with one another and with one another only,

and by that means to neutralize the effect of any depression that might exist in the outside world.

Hon. Mr. McCALLUM—We would not be buying so much from other countries.

Hon. Mr. BOULTON—Or selling so much to other countries, because you cannot buy without selling and cannot sell without buying.

Hon. Mr. McCALLUM—We will be able to keep the money in the family.

Hon. Mr. BOULTON—It all depends, if you keep the money in the family, how it is distributed. If you concentrate it in a few hands, which I contend is the effect of the present commercial legislation, then I say it is not a wise policy. The second sentence in the paragraph is:

We regret, however, to learn that although this has not resulted in any considerable decrease in the volume of our foreign trade, yet, owing to low prices and recent reductions in the removal of taxation, it has been followed by a serious decrease in revenue derived from customs and excise.

That is not exactly an impartial statement to begin with, according to the pamphlet issued by the Minister of Trade and Commerce, I am very glad to see that it is issued every quarter, and it brings down the returns as far as December 31st last. That is to say, we know exactly what the country has been doing under the new tariff between the 1st of July and the 31st of December last. I am sorry that these returns have not been brought down to the 1st of April. I do not know why the delay has occurred, unless it is that the showing is worse than it was before. I hope that is not the case. Up to the 31st of December we find a reduction in imports and a reduction in exports as well.

Hon. Sir MACKENZIE BOWELL—Do you mean a reduction in value or a reduction in quantity?

Hon. Mr. BOULTON—A reduction in value.

Hon. Sir MACKENZIE BOWELL—I thought so. The value may be decreased somewhat and yet the quantity remain the same, the articles being cheaper.

Hon. Mr. BOULTON—I find a reduction of \$7,000,000 in the imports and of \$5,000,000 in the exports.