

As to the second class of statements, though it is true that it is not possible to define with mathematical exactness all the effects which arise from the imposition of a new Tariff, which are often of a very unexpected and complicated nature, quite enough has been ascertained to leave no reasonable doubt that a very large amount of revenue properly due to the fiscal year 1874-75 was anticipated. There is positive evidence to show that the import of dutiable goods up to 1st March, 1874, had *not* increased, (save only by the admission of Prince Edward Island) The presumption therefore is that they would not have increased from March to July in the ordinary state of things. Moreover, there is no doubt that early in the spring of 1874 it was well known (prior to the imposition of the tariff), that the timber trade was in a very depressed state, and likely to continue in that condition; that it was also known that the United States, one of the best customers of Canada, were passing through a period of great commercial depression; that up to a very late period of the fiscal year 1874 there was no ground for anticipating anything beyond an average harvest; and that (as was stated by Mr. TILLEY himself in his Budget speech of 1873), there was believed to have been an over-importation of dutiable goods in 1873. From all these circumstances, coupled with the before-mentioned fact that there was a positive decrease in the gross volume of exports and imports for 1874, a strong probability exists that had it not been for the indirect operation of the new tariff, the total amount of dutiable goods would not only not have exceeded, but most probably would not have equalled the importations of 1873.

This supposition is very strongly confirmed by the opinion expressed, both at the time of the imposition of the tariff and subsequently, by several parties of the highest standing in the commercial and financial world, who stated that in their judgment nothing but the knowledge that the tariff would almost inevitably be increased, would have justified or led to as great an importation in 1874 as in 1873. It is obvious, therefore, that in addition to the \$530,000 manifestly due to the direct action of the new tariff, respecting which no dispute can arise, a further sum of \$600,000, if not more, was due to its indirect effects, and was in effect borrowed from the fiscal year of 1875.

This was composed—1st, of goods paying 15 per cent. or upwards, of