

their capital. Hon. gentlemen know very well the question of interfering with the tolls of the Canadian Pacific Railway has received a great deal of attention. It has been discussed and brought up in another place very frequently, and the government have been called to account for allowing, in the opinion of some gentlemen, undue tolls to be exacted by the company.

The addition of \$20,000,000 to the capital of \$65,000,000 would necessarily involve the question whether, on the additional \$20,000,000 of capital the 10 per cent was to be calculated? In addition to that, there was also the point whether the whole of the \$65,000,000 was really capital that was invested in the road. Now, those are the points. The government thought as the company could not increase their capital without the consent of the Governor in Council, it was an excellent opportunity to avail themselves of the position that they had a right to take, that the company should agree to refer to the proper judicial tribunal this important question of what was really the capital of the company on which they were entitled to receive dividends to the extent of ten per cent before there should be any interference with the tolls. I think it was a very important point to bring before parliament, because a bill will have to be introduced on those lines by the government, compelling the company—and I might say the company acquiesced in the proposition readily,—to submit this question for judicial decision as to what really is the capital of the company on which they can declare dividends of ten per cent before there can be any interference with them.

The hon. gentleman commented very strongly and earnestly on that paragraph referring to the revenue and the expansion of business. He dwelt a good deal upon it. In his observations he said:

I am one of those who do not consider it to be the greatest advantage, in a country like this, that our revenue should swell as it has swollen from importations. I would much rather see those goods which are imported, and from which we derive a revenue, made in Canada, giving employment to our artisans, our labourers, and our mechanics in order to keep them in the country, rather than have them go to the United States looking for employment. But has that been the result of what these gentlemen so often boast about, the introduction of what they call their preferential trade?

My hon. friend speaks feelingly of the preferential tariff and its results, and as I

Hon. Mr. SCOTT.

consider that the increased trade of this country, the enlarged prosperity we are enjoying, is due mainly to the preferential tariff, I shall devote a few observations to showing why it has had that result. The preferential tariff necessarily was involved in the removal of the treaties with Germany and with Belgium. They were a great obstacle that not only Canada, but all parts of the empire were met with, in the endeavour to bring about closer trade relations, not only between the colonies themselves, but the colonies and the mother country. My hon. friend took a great deal of interest in that question when he was in the government, and very strongly urged it, and the parliament of Canada, no doubt at the instance of the government, in 1894 adopted a very strong memorial to the Imperial government, asking that those treaties be denounced. The subject was brought up and discussed at the Colonial Conference, held in Ottawa during the summer of 1893. My hon. friend was president of that conference. In his able address to the conference he comments upon the treaty and the obstacle it is to trade between different parts of the empire. He quotes approvingly an extract from the address to Her Most Gracious Majesty which had been voted in 1892, when, I think, Sir John Abbott was Premier of the country. I will read just two clauses of it:—

Your memorialists consider that these provisions in treaties with foreign powers are incompatible with the rights and powers subsequently conferred by the British North America Act upon the parliament of Canada, for the regulation of the trade and commerce of the Dominion; and that their continuance in force tends to produce complications and embarrassments in such an empire as that under the rule of your Majesty, wherein the self-governing colonies are recognized as possessing the right to define their respective fiscal relations to all foreign nations, to the mother country, and to each other.

Your memorialists further believe, that in view of the foreign fiscal policy of increasingly protective and discriminative duties, it is clearly adverse to the interests of the United Kingdom, and of each and all of its possessions, that the parliament of the United Kingdom, or of any of Your Majesty's self-governing colonies, should be thus restricted in the power of adopting such modifications of its tariff arrangements as may be required for the promotion of its trade, or its defence against aggressive or injurious measures of foreign policy.

Now, this would seem to foreshadow, it was hoped a time might come when something like a preference would be given to the mother country. The question was de-