

imports was almost stationary. The times were hard. That period was followed by several years of tremendous inflation. The hon. member for Cardwell referred to one circumstance, which, no doubt reduced to some extent the apparent amount of our imports, namely, our illicit trade with the United States. There was also the excessive value of commodities. These circumstances, no doubt, are to be considered as modifying the apparent inflation. But, apart from the question of illicit trade, these inflated values only show after all that we got less for our money. They do not prove that we paid less money. After this period of inflation, there have followed four years of ever widening and deepening depression; and the first question I put is, how far our tax-paying powers have really increased since 1871, when it was resolved that we should not increase the existing rate of taxation in order to complete the Pacific Railway. Two factors have to be considered in order to solve this question—first, the increase of population—secondly the increase of resources. Increase of population does not necessarily mean increase of tax-paying power. We may have more heads, but each head may be poorer, and consequently there may be a smaller aggregate of surplus wealth, though divided among a larger number of heads. In this case there would be no increase of tax-paying power. I do not believe that the people of Canada are, on the whole, able to pay more taxes per head to-day than in 1871. There has been an enormous shrinkage in our lumber trade, from \$28,000,000 in one year to \$13,000,000 in another. There have been many bad crops. There has been a great shrinkage in bank stocks, and a number of these institutions has been swept away altogether. There has been a great depreciation in real estate, not so much as compared with 1871, but sufficient to be destructive of any increase between 1871 and 1879. There has been a general and long prevailing and deep state of depression in trade and commerce, resulting in the loss of an enormous amount of capital. Besides this, there has been a large increase in federal, provincial, municipal, corporate, and private indebtedness. Anyone who listened to the debate, the other day, could not

but be appalled by the statements as to the amount loaned on mortgages in the Province of Ontario. Added to all this, there has been an upward turn in the price of gold, which is unfavourable to all borrowing and indebted communities. Against these unfavourable circumstances are to be set expenditures, which have taken the form of assets. We have made large federal, provincial, corporate and private improvements. But these are represented in part by premature or misdirected applications of capital. No one will pretend that the Intercolonial Railway, located as it is, is a good commercial speculation; and several Railways in Ontario and elsewhere have been constructed at a time and on routes which prevent their value from equalling their cost. Many of these public works will in future be very valuable, but at present they do not form an addition to our resources commensurate with the burdens they involve. The tax-paying powers of the people of Canada, man for man, are, I repeat, no greater than in 1871. One proof of that is, we are actually buying less. For four years the imports have been diminishing. Last year they reached the lowest point for nine years. It may be truly said that we bought less in nominal value, because goods were cheaper, and we got more for our money; but that observation does not hold good to the full extent to which it is sometimes advanced, for values in 1871 had not reached their maximum, and were not so far above those for 1879 as to account, to any adequate extent, for this difference in the amount of our importations. The truth is that we are not buying largely, because we are too poor to buy largely—we cannot afford it. And this, as I said, is a corroborative proof that we are not better able, man for man, to pay taxes than in 1871. Nor will an inflation next year, or the year after, if there should be one, alter the facts. We do not proceed by regular steps, we go up and down; and on this occasion it is our rate of progress for a series of years, not for a year or two, that we are called on to consider. Speaking generally, in view of the history of the last decade, and in view of our resources and our true elements of prosperity, old Canada cannot expect a genuine rapid increase of her resources. I hope