

enterprise. I think I may say, too, that the stockholders of the Grand Trunk railway are not peculiarly affectionate in their regard to the Canadian Pacific railway. When I was in London a paper, supposed to be interested in the Northern Pacific, contained a most violent article attacking the Government and the Canadian Pacific railway, and on the day when the tenders were to be received a man stood at the door of Messrs. Baring's office from ten to three o'clock, distributing copies of this paper, and drawing attention openly to the article it contained. I was present when the tenders were opened, and I have no hesitation in saying that on no former occasion did we receive so many tenders for sums running from one hundred to one thousand pounds. But I think I hear the ex-Finance Minister reminding me that New South Wales negotiated a loan at 3½ per cent. I ask this House how it can be possible that New South Wales bonds should sell for more than Canadian bonds, if all other things are equal. But in the first place our bonds were for fifty years, and theirs were but for forty years. Therefore the purchaser of a one-hundred-pound New South Wales bond who pays £92 for it gets back eight pounds in 40 years, while the purchaser of our bond does not get it back for 50 years. That makes a difference of as near as can be one per cent in value in purchasing bonds at a discount. Again, the payments to be made on the New South Wales bonds had to be put up at much more distant periods, and those advantages were sufficient to make in all a difference of one and one-half per cent in their favor. But in addition to this Canada has comparatively no friend in the London money market, while the Australians have a syndicate of bankers there who are naturally desirous of keeping up their credit to the highest possible point. In view of all these facts I think the country is to be congratulated that we have been able, through the adoption of a wise fiscal policy, to stimulate our home industries and to increase our expenditure for public works, while we have at the same time maintained and improved our credit abroad.

Statements have been made relative to the taxation of the United States compared with that of Canada, and it has been said our taxation is double that of the United States, and that we are fast approaching the heaviest taxed country in the world. I have here some facts bearing on this subject from the finance report of the United States for 1884, recently published at Washington. I find from this document that for the fiscal year 1883-4 the total receipts of the United States were \$324,083,895. Deducting from this the surplus of \$57,693,396, the sum of \$266,482,499 remains as the necessary taxation for that year. Estimating the population at 54,000,000, the necessary taxation to meet the expenditure and sinking fund would be at the rate of \$4.93½ per head. The taxation in Canada necessary to meet the expenditure out of the consolidated revenue, including the sinking fund, for five years from 1879 to 1884 averaged \$4.78½ per head—against \$4.93½ for the United States. But I would call the attention of the House to the fact that of the Dominion taxation \$1.75 per head of the sum collected into the Dominion treasury goes to the relief of the provinces, either as payment of interest upon the debt assumed by the Dominion, or in the way of subsidy, whereas in the United States no portion of the revenue goes to the relief of the States. As shown by the returns presented to Congress, in addition to the national taxation of \$4.93½ per head, there is in every State direct taxation amounting to 32 cents for every \$100 of taxable property, or \$1.20 per head of the entire population of the Union in addition to the sum collected by the General Government. This, therefore, makes the total

## UNITED STATES TAXATION

\$6.13½ per head against our \$4.78. Now it may be said that in such a calculation the sinking fund should not be included. I will, therefore, make the calculation less the sinking

fund. The necessary expenditure in Canada, less the sinking fund, is \$4.84 per head. The necessary expenditure in the United States, less the sinking fund, is \$4.07 per head. Add to this the \$1.20 per head of State taxation, and the necessary taxation for the United States, less the sinking fund, is \$5.27, against \$4.84 in Canada. I take further from this document before me the estimated revenue of the United States for 1885-6 from all sources. It is \$307,000,000, less the estimated surplus and sinking fund, \$54,656,000; it stands at \$252,344,000, which sum it is necessary to raise by taxation. This is \$4.58 per head. Add to this the \$1.20 of State taxation, and the total taxation is \$5.78 per head. The estimated necessary taxation for Canada for the fiscal years 1885-6, less the sinking fund, based upon a population of \$4,800,000, is \$4.75 per head, against \$5.78 in the United States. Now, with reference to the statement that we are fast approaching a taxation equal to that of the most heavily taxed nation in the world, I have some facts to submit. I have here a statement of the revenue per head of various countries, and of the expenditure in the same:

1881-82	Country.	Revenue per head.	Expenditure per head.
Queensland .....		\$43 44	\$42 51
New South Wales.....		42 90	36 75
West Australia.....		40 34	33 10
New Zealand.....		34 83	35 30
South Australia.....		31 70	37 40
Victoria .....		30 99	30 22
Tasmania .....		21 67	20 55
France.....		15 43	15 24
Great Britain.....		12 62	12 61
Russia.....		12 32	9 15
Netherlands.....		10 98	12 73
Italy.....		10 85	10 80
Belgium.....		10 74	10 99
Spain.....		9 48	9 43
Chili.....		8 43	8 87
United States.....		7 94	5 29
Canada.....		7 30	5 48
Russian Empire.....		6 33	6 44
Brazil.....		6 32	8 09
Denmark.....		6 26	7 00
Norway.....		6 16	5 88
Greece.....		6 08	7 25
Sweden.....		4 79	4 73
Turkey.....		3 22	3 82
Switzerland.....		2 67	3 03
Japan.....		1 81	1 73
Persia.....		1 34	1 28

It will be observed that the only countries which fall below Canada are Russia, Brazil, Norway, Greece, Sweden, Turkey, Switzerland, Japan and Persia. If we take into account the value of a day's labor in the countries to which I refer as compared with the value of it here, it will be found that even then the taxation is really not lower than that of Canada and there are none of the compensating advantages. Sir, I fail to see in these statements any warrant for the statement made by a member of this House in another place that our taxation is approaching that of the most heavily taxed country in the world. Take the Australian colonies, and our taxation is not a quarter of theirs. Take the European nations, and their heavy taxation is levied for the purpose of maintaining standing services, while our comparatively light taxation is devoted to the development of a great country, to the securing of a magnificent canal system, and to the providing of Canada with railway facilities which are scarcely to be surpassed in any country in the world. I now desire to pass to another subject and to submit an amended

## ESTIMATE OF REVENUE AND EXPENDITURE.

for the current year. Last year I estimated the revenue from customs would be \$20,000,000. The amended estimate is \$19,500,000. There is a falling off in the receipts from the customs, arising mainly from the decreased values of goods imported into Canada. In addition to this there is no doubt that the energy with which our manufacturers have been developing

their industries has reduced to some extent the imports, and with them the revenue. But though the falling off for the first six months has been half a million, I do not anticipate that there will be a further falling off, owing to the increased duty on prints and to the fact that wheat, which has been held back has gone into the market and has caused business to improve. The next item, is Excise. It is estimated now that the revenue under that head will be \$5,400,000, and there has been a falling off there. It is to be attributed perhaps to the action of a good many counties in Ontario regarding the use of liquor which has decreased the amount of duty collected; but it will be seen directly that the Government propose to make up to a certain extent in another way the duties we are likely to lose this year and next year on spirits and malt liquors. The estimated revenue from the Post-office is \$1,900,000, from Railways and Canals \$5,000,000, interest that was put down at \$1,750,000 is \$1,900,000, Miscellaneous is \$800,000, as estimated last session, and Dominion Lands \$500,000 instead of \$1,000,000. This makes in all \$33,000,000. The estimated expenditure is \$32,350,000, leaving a surplus of \$150,000 for the current year. I trust hon. gentlemen opposite, who complain that we were unnecessarily taking taxes from the people, because we had a surplus, will now congratulate us that we are running expenditure and revenue very closely for the current year. Before I pass to the next year I think I should say something with reference to

## THE LOAN ISSUED LAST SUMMER

and to the temporary loans made since that time, amounting altogether to \$35,000,000. I think it is right to state how this money has been used. Since the 1st March last we have paid to Onderdonk, on account of the Canadian Pacific railway construction, \$3,379,873. We have paid out to the Canadian Pacific railway on account of subsidy \$3,380,418; on account of loan \$19,455,000; and in redemption of debt \$3,991,056, making total payments of \$35,216,347. That is where the money has gone that has been raised by the loans we have made either on debentures or on temporary loans made for six, eight or twelve months since the 1st March last. I think it is proper that the House should know what policy we intend to pursue with reference to the floating five per cent liabilities. I am not in a position to state definitely what course the Government will take, but it is under consideration and it may be acted upon: That we will offer to the holders of the present five per cent loan a loan to be paid in seven or ten years, in redemption of the five per cent debentures they hold, at such a rate as may be considered in the interest of Canada, and such as will induce them to make the interchange. The Government look upon this proposition somewhat favorably, because we hope that in 1891, or shortly after that, when the Canada Pacific railway has been completed and has been established as a profitable enterprise, arrangements will be made by which the mortgage we now hold upon the road may be relinquished and we get our money back, and if we should take long period debentures we would have to go into the market and buy at a very high rate. Then it is suggested that we should by Treasury bills extend our temporary loans for six or twelve months, so that the Government may not be required to go into the market for the present year except for the redemption of twenty-five millions of five per cent due July 1 next. I will now pass from the estimate for the current year to

## THE ESTIMATE FOR THE COMING YEAR.

The Government estimate that they will receive from Customs \$19,500,000, Excise \$5,200,000, Post-office \$1,950,000, Railways and canals \$3,000,000, Interest \$1,950,000, Miscellaneous \$900,000, and North-West lands \$700,000, which from a total expenditure of \$31,757,932 will leave an estimated surplus of \$1,242,968. The supplementary estimates may reduce this surplus to \$700,000, but if that should be the case