

portion of the cotton duck imported during the past year or two has been imported for these purposes, but it has been found that much of it—in one case 70,000 yards—though imported for sails of vessels, has been used for tent purposes in the North-West. As we were losing revenue by it, and as the manufacturers were interfered with in this respect, it is proposed to make no exception, but to return 20 per cent. duty to the importers when they show that the duck thus imported was used for ships' purposes and for sails, which means, of course, that the manufacturer is in a better position than he was, and importers are all in a like position. I may state that within the last three or four weeks a very influential deputation waited upon the Government with reference to the extension of our trade with the West Indies. It was suggested that the Government should take steps to see if some arrangement could not be made, especially with the sugar producing countries, and especially with the West India Colonies, where they produce sugar and other products imported into the Dominion of Canada, by which we could increase the exchange of the natural products and manufacture of the Dominion of Canada for the products of the West Indies. The deputation was informed by the Government that their proposition was perfectly in accord with their policy, that they were in a position to ask the House, providing such arrangements could be made, to reduce the duty upon sugar from all countries that would give us an equivalent by the reduction of the duty on the manufactures and products of Canada. Instead of asking Parliament, at the present time to reduce the duty upon sugar or molasses, we propose to continue the enquiries we entered upon some time since, with the view of extending trade with the West India Colonies. We have, in the past, experienced considerable difficulties, because these colonies have very little revenue to spare. We find them anxious that we should give favorable consideration to their productions, but when we ask for a reduction of the duty on Canadian products, they hesitate, because they find it difficult to surrender the necessary revenue. In reference to Cuba, we proposed to the Spanish Government, through the High Commissioner in London, to ask Parliament for a subsidy for a steamer to ply between Canada and Cuba under the French flag, we paying the subsidy, if the products of Canada would be admitted on the terms which are extended to imports under the Spanish flag. That proposition, after some consideration, was refused. Other propositions have been before the Spanish Government for some time, and down to the present time they have not been successful, although, unlike the proposition in reference to subsidizing a steamer under the French flag, they have not refused them, and they are still under consideration. I can say, on behalf of the Government, that it is their intention during the Recess to enter into negotiation with the West India Islands, and other sugar producing and coffee producing countries, to see whether any arrangement can be made by which we would be justified in submitting to Parliament, when we next assemble, a reduction of the duty on sugar and molasses, on receiving as an equivalent for it a reduction of duty on the natural products and manufactures of Canada. In addition to that, we have been endeavoring to negotiate arrangements with France, by which the products of Canada may be admitted on more favorable terms than they are at present. Down to the present time, while the negotiations are not broken off but are still continued, we have not been successful; and I desire here and at this time to state, on behalf of the Government that, if we fail to make satisfactory arrangements with Governments that do not place the products—the natural products and manufactures—of Canada on equal terms with those of any other country, we will ask Parliament at the next Session to impose a duty of 10 per cent. additional on their products until they grant us such terms. This is the policy of the Government with reference to these questions,

and I trust that the changes that are now proposed—though we have not been able to grant all that was asked—will meet the appropriation of the House and the country. Still we feel that in the resolutions that we now lay on the Table of the House we are continuing the policy that is calculated to strengthen the manufacturing and other industrial interests of the Dominion of Canada. I now, Sir, turn from the subject of the Tariff to the probable income and expenditure for the next fiscal year. It is estimated that the revenue for the next fiscal year will be: from Customs, \$21,500,000, that is less than is estimated for the present year, occasioned in part by the changes in the Tariff, of \$1,000,000 to \$1,200,000, certainly \$1,000,000, from Customs and Excise. The revenue from Excise we estimate at \$5,400,000, which is \$500,000 less than is estimated for the present year. The reduction would be greater, but we will lose some \$300,000 Excise duty in the present year, because it has been well known by the manufacturers and retailers of tobacco that the Congress of the United States proposed to reduce the duty there, and they knew perfectly well the duty must be reduced here, and, therefore, purchasers have not bought more than was absolutely necessary, and those who have had stocks on hand have not desired to increase them. Therefore we will lose, no doubt, \$300,000 or \$400,000 on tobacco during the coming year. Post office receipts we estimate at \$1,750,000; revenue from public works, \$3,000,000; interest on investments, \$800,000, and from other sources, \$300,000 more, making the total revenue \$33,250,000. The Estimates that are now before the House are nearly \$30,000,000, and it will be found that Supplementary Estimates will be brought down, rendering necessary, I am satisfied, an additional expenditure, but I think we may fairly estimate the surplus at \$3,000,000 for next year. The estimated expenditure for next year, as compared with the estimated expenditure for the present year, shows an increase of over \$1,000,000. The increases are stated as follows:—Post office, \$220,000. A very large increase is required next year for the following reason: the business has grown to such a volume, that under the arrangement that was made with the Grand Trunk Railway, by which the Post Office Department had the use of half a car for postal purposes, the business could not be transacted in half a car, and we were compelled to make arrangements for a whole car, and this additional outlay on the Grand Trunk Railway alone involved an increased expenditure of \$25,000. Then the increased business on the Intercolonial Railway was such that the Department demanded that the road be placed on the same footing as other lines, that they were entitled to the same compensation for carrying the mail as other lines, and demanded that the appropriation for the postal service should be increased. Of course, as the Intercolonial Railway is a Government road, it is taking money out of one pocket and putting it into the other, but it was thought to be a proper arrangement, and this increase amounts to \$33,000. In the North-West the proposed increased expenditure for next year amounts to something like \$57,000, so there is nearly \$120,000 from these three items alone. Then we have proposals to establish new offices; the fact is we find every day and every week applications from the older Provinces asking for increased accommodation, and as the revenue is increasing in about the same proportion as the expenditure, we trust that the revenue from this source, though it will not quite cover \$220,000—because the sum paid to the railways is in excess of former payments and for it there is no return—will largely come back to the Treasury. The expenses are regulated by the receipts, to a considerable extent, because nearly all the postmasters, except those in the cities receive 40 per cent. on their receipts as salary, and as the receipts increase, the salaries increase, as also do the