

last two years. Now, my hon. friend, the Minister of Customs, at my request addressed, some time ago, a series of circulars to leading merchants in the principal ports with a view to obtain from them an estimate of the extent of this shrinkage in the more important articles which we import, and from that—although I will not weary the House with the detailed statement—I find that this shrinkage has been well nigh universal, spreading over almost every important article which we consume, and extending from 10 and 15 to 25, and in some cases to 30 or 35 per cent. of the previous value of the articles. It need hardly be said this was a very serious disturbing element in all calculations which either he or I were able to make of the probable imports and revenue to be derived therefrom. Now, in proof of the statement which I made, that a very large proportion of the loss of revenue arises from this shrinkage of value, I may state, that on examining a comparative statement for the six months ending December 31st, 1874, and the six months ending December 31st, 1875, I find that it has taken place almost exclusively in one list. On articles bearing a specific duty the total revenue received was \$1,307,000 for the six months of 1875, as against \$1,426,000 in the preceding half year, showing a diminution of \$119,000 on that list. On what is known as the specific and *ad valorem* list combined the revenue in the last six months of 1875 was \$1,307,000, as against \$1,272,000 in the preceding half year, showing an increase in that department of \$30,000. There was a small decrease in the 25 per cent. list, but when we come to that large and important list known as the 17½ per cent. *ad valorem*, we find in the last half year of 1874 that we had a total importation of \$28,771,000, whereas in the corresponding period of 1875 our total importation only amounted to \$18,142,000, being a reduction on that one class of articles alone of \$10,600,000, and that the revenue which we derived in 1874 from that source amounted to \$5,034,000 as against \$3,174,000 in 1875. In other words, almost the entire loss under Customs revenue during the preceding six months has accrued on the 17½ per cent. list. Those figures are very remarkable. They indicate that there was a considerable and undue inflation; but it must be borne in mind, in this particular as in some others, that what is bad for the revenue is, on the whole, good for the country. The result of the figures which I have submitted appears to prove conclusively