

degree than in most other countries." If it were not for the fiscal policy which we have adopted in this country we might expect the same results which exist everywhere else. Our production is as great as ever, our accumulation of wealth is as great as ever. The trouble is to be found in the foreign markets; they cannot buy our products, and the cause of the failure of our trade is to be found in the inability of our foreign customers to purchase as formerly. We cannot regulate the prices which prevail in outside markets. They are resting under a depression, and they cannot buy as much of our goods. The same cause operates to produce a depreciation in the value of the goods. It is, therefore, not the policy of the government which is at fault. I claim that our industries are just as vigorous and as strong as ever they were. We produce as much as we ever did, but it is simply because we could not find a market except at depreciated prices. No wonder there is a deficit. We have exchanged our specific duties for ad valorem duties, and in this way we have reduced the volume of our taxation about \$5,000,000 owing to the falling off in the values of the commodities coming in. Is it a wonderful thing that we should find a deficit corresponding very closely to the reduction in our tariff?

Then my hon. friend from Halifax spoke of the economy practised by his government when it was in power, and contrasted it with the expenditure of the present administration. He claimed that the Liberals only spent \$24,000,000 a year, while we spent \$37,000,000. My hon. friend is not here, but I should like to ask him to what particular expenditure he objects. Is it that relating to the extension of railways, to the extension of the postal system, or to the internal development of the country that we find going on everywhere? Can he point to a single item of our expenditure and say that it is not in the interests of the country? I wish to note here that year after year, with a few exceptions, we have had a large surplus out of which we have contributed largely to the consolidated revenue fund—some \$15,000,000, I believe, and now that a state of things has come about for which we are not responsible, we should not feel alarmed because there is going to be a small deficit. I believe our deficit is about $2\frac{1}{2}$ per cent. England's, I believe, is about 10 per cent, and that of the United States is about 11

per cent—I believe, about \$50,000,000. It is all owing, in their case, to tinkering with the tariff, and the uncertainty which surrounds commercial legislation in that country. I hope the government, under present circumstances, will not undertake any revision of the tariff, for I believe the uncertainty which arose last year and the year before did mischief, and had a tendency to prevent the revenue reaching as large an amount as it otherwise would have done. People sometimes magnify the dangers which attend a change in the rate of duty, and imagine that the effect upon their particular branch of industry will be greater than is really the case, and they delay the making of contracts until such time as the fiscal policy shall have been determined for the year. I therefore think that if the government would announce that they have no intention of touching the tariff this session, it would have a beneficial effect. The present depression I believe is not a permanent one, and in my opinion the revenue will shortly be as large as heretofore. I really think the government would be justified in doing at this juncture what Sir Richard Cartwright did when he was Minister of Finance, that is to say, take a little off the surplus which we have accumulated in past years—borrow a little of it, so to speak, to tide us over present conditions. That, at all events, would be very much better than interfering with the tariff. It is a matter of history that Sir Richard Cartwright took the money out of the consolidated fund—which, by the way, he did not increase—and used it to meet the public debt of Canada.

My hon. friend spoke of the admission of Newfoundland into the union. I am in favour of Newfoundland joining the confederation, because I believe it will be to the mutual advantage of the island and of the Dominion. I know it will be of incalculable value to this country, apart altogether from the terms that may have been demanded and conceded. If the people of Newfoundland have time given them to impartially consider the subject, they must see that their interests are bound up with ours in every way, and they should take advantage of this favourable occasion to come into the union. We should not take advantage of their embarrassed position to impose hard terms upon them, but should be ready to give them even more than we might consider their right. We should be magnanimous in dealing with