

necessitate the reduction of \$1,250,000, or, perhaps, \$1,500,000; and, under these circumstances, it became necessary that we should wait until we saw what the nature of the legislation of the United States with reference to the Customs and Excise Revenues had been before we were prepared to submit to Parliament our proposition. It was not until the night of the 3rd March that these questions were decided, and, though we had asked for the earliest possible information as to the nature of the changes that took place, it was the 16th March before we received a certified copy; and then it became our duty to examine it carefully, as it was quite apparent, with a reduction of the duties on tobacco, that, from that article alone, we would lose a very large amount of revenue. This necessitated a change of proposed reduction of duty on articles imported through the Customs. Well, Sir, under any circumstances, Tuesday would have been the earliest possible day we could have submitted our propositions to the House, and it having been decided that we should separate for the Easter holidays on the following evening, it would have been most inconvenient to present the financial statement, and then have the discussion to stand over for a week or ten days. Under these circumstances, the Government thought it best to allow the financial statement to remain until the reassembling of Parliament, and take the first Government day to submit it to the House. With this explanation, Sir, I believe the delay will be justified, and I trust that the country will not suffer materially. We are not in the position we were last year. We then proposed to take the duty off one or two articles of importance, and it would not have been fair to the trade of the country had they not been decided at once. The propositions which the Government have to make now are not to go into immediate effect, and therefore it is of less importance. But, Sir, I now proceed to the discharge of the important duties devolving upon me; and while I feel that the Government have material of the most satisfactory character to submit to the consideration of the House, I do not feel that I have that physical vigor that will enable me to do justice to the subject as I would desire to do, and as I am sure the House would expect me to do. In the first place, I would call the attention of the House to a declaration I made in the opening of my speech at the last Session of Parliament. It was this: that at no period in the history of Canada had Government met Parliament with its finances in a better position than it was on that day. Further, at no period in the history of Canada did the credit of Canada stand as high as it did on that day, and at no period in the history of the Dominion was it more prosperous than on that day; and I am happy, Sir, in believing that the House and the country will endorse me when I say that the remarks made on that occasion may be repeated with all truth to day. I do not desire, Sir, to occupy any more of the time of the House than is absolutely necessary in presenting our case, and in dealing with the income and expenditure of the last year. My remarks will be brief, inasmuch as the Public Accounts have been placed in the hands of the members who are familiar, not only with the figures, but with the financial position of the Dominion, and which was referred to in such eloquent terms by the mover and seconder of the Address in answer to the Speech from the Throne. I may, Sir, however, restate them here in order that we may refresh our memories with reference to the position that we occupy. First, Sir, let me say that the Consolidated Revenue of last year amounted to \$33,383,600, and the expenditure to \$27,067,000, leaving a surplus of \$6,316,600—the largest surplus that has ever been declared in Canada. Add to that \$1,744,000 received as subsidies of land in the North-West, making altogether a surplus of over \$8,000,000 for the last year. Well, Sir, during the same period there was expended on Capital Account, for the Canadian Pacific and Intercolonial Railways, for the

enlargement of the Canals, and on the Surveys in the North-West, \$7,400,000, leaving a handsome surplus over and above all the expenses of Capital Account during the last year; and when we take into consideration the Sinking Fund, which forms a fund for the reduction of the debt, the net debt for the Dominion, notwithstanding the expenditure of \$7,340,000 on Capital Account, was \$1,750,000 less, and the interest paid for the year, \$15,000 less than it was the year previous. Now, Sir, we not only spent \$7,340,000 on Capital Account, but we redeemed maturing liabilities, during that period, of \$4,000,000. We had paid in from the surplus earnings of the people of the Dominion five millions nine hundred and twenty odd thousand dollars, from which the amount I have stated was paid, leaving nearly \$2,000,000 towards the expenditure of the current year. Under these circumstances, our financial position was an easy one. We were not forced into any market for a loan, but met a large expenditure and redemption of debt with the surplus, and the deposits of the people in the savings banks. I need not dwell longer upon this general statement, with reference to the financial operations of the year; but I desire to call the attention of the House, for a few moments, to one point, which may be referred to by hon. gentlemen opposite when they deal with my statement. During the last year the expenditure was \$1,500,000 more than it was the year before

An hon. MEMBER. Hear, hear.

Sir LEONARD TILLEY. \$25,500,000 was the expenditure the year before last; last year it was \$27,000,000. Now, Sir, I hear an hon. member opposite say "hear, hear," and therefore I desire to go into details with reference to the increased expenditure, to show that, while it amounted to \$1,500,000 more last year than the year before, it did not mean more than \$500,000 of taxation to the people of the country. I have here, Sir, a statement of the increased expenditure during last year, and it will be satisfactory to hon. members, I have no doubt, to have their attention called to the different items of this increase, and to the circumstances which caused them. The first item is \$146,650 increase of interest. Now, Sir, we did not have to pay during the year \$146,650 more for net interest than in the previous year. That amount is simply the difference between the receipts on the interest account, and the payments on the same, as I explained at the outset. The net interest paid was \$15,000 less than the year before, but owing to the increased deposits in the savings banks, the Canadian Pacific Railway having also deposited with us under their contract a large sum on which interest had to be paid, the amount paid out in interest was larger than it would otherwise have been; but the Government did not allow the money so deposited to lie idle. They deposited it in the banks and obtained 4 per cent. interest upon it; and while the payments were increased, the receipts were increased in like proportion. Therefore, that \$146,000 of increased interest was not a tax upon the people. We paid that additional for the money deposited with us and received it in return, leaving \$15,000 less paid during the year than in the year before. That, I trust, is satisfactory so far as that item is concerned. The next item is Sinking Fund, which was increased by \$39,993. That item goes on increasing year by year, and is applied to the reduction of the debt. That is surely not a payment that can be complained of. It increases under the arrangement by which our loans are obtained, and is paid in for the extinction of maturing liabilities. Then we have \$75,481 increase of subsidies paid to the Provinces, which have not yet reached a population of 400,000, and are entitled to 80 cts. per head of the population, until they reach that point. The Government, surely, cannot be blamed for paying that. The next increase is \$30,072 for Civil Service. Hon. gentlemen opposite may say that might have been avoided; but when we consider the fact, that under our Civil Service Act, the