

exceeds all previous records, and the growth of our industries and internal trade keep pace with the development of our external commerce.

Whilst in certain of the western provinces the crops did not realize the sanguine expectations which had been formed in the early spring, yet the total yield was reasonably satisfactory, and the eastern provinces in this regard have been more than ordinarily blessed. The conditions now existing over the whole country conclusively demonstrate that even with lesser production at some points, the vastness and variety of our resources ensure at all times a high degree of progress for the whole country.

Negotiations for the acquisition from the Admiralty of the two cruisers 'Niobe' and 'Rainbow' have been carried on with His Majesty's government, and the two ships have now arrived and are stationed in Canadian waters, in pursuance of the policy adopted last session for the creation of a naval service.

The Hague Tribunal, to which was referred the controversy between Great Britain and the United States, with reference to fisheries in Canadian and Newfoundland waters, has rendered a decision which has been accepted by all parties interested as a fair and equitable adjustment of this long-pending dispute. The result is gratifying, inasmuch as it will tend not only to promote peace and friendship between us and our neighbours, but also to further the practice of settling international questions by means of arbitration.

Marked progress is being made in the construction of the National Transcontinental railway, and a large quantity of grain is this season finding an outlet from the west to the Great Lakes over this new highway. It is hoped that ere long a satisfactory arrangement can be made for the operation of the finished portions of the line, pending the completion of the road from Moncton to Winnipeg.

The construction of a line of railway to Hudson bay, which has occupied the attention of the people for many years, has assumed practical shape. Already a contract has been awarded for the construction of a bridge forming part of this railway, across the Saskatchewan river at Pas Mission, and the work is now in progress. During the present session, a measure will be laid before you providing for the prosecution and completion of this work with all possible speed. The connection of the great west with the eastern portions of Canada and also with the over-

seas markets, by this new rail and ocean route, will not only open up a new section of Canada, but will greatly assist in the development of trade, and thus benefit both producers and consumers.

The construction of the bridge across the St. Lawrence river at Quebec, the largest work of its kind ever undertaken, has been receiving the careful attention of my government, and the utmost care is being observed so that success may be assured. The substructure is now under contract. Tenders for the erection of the superstructure have been received from four responsible companies, and are now being considered.

It is expected that the contract will shortly be awarded and the work pushed forward to completion.

While recognizing the importance of the Canadian home trade and the great value of the market for our staples in the United Kingdom, my government feel that they should avail themselves of every opportunity to promote friendly commercial relations with the British colonies and foreign countries, so that our surplus products may be admitted into the markets of those countries on the most favourable terms.

In pursuance of this policy, commercial arrangements, involving reductions of our customs duties, have been made with Italy and Belgium and a reduced schedule of duties has been granted to the Netherlands.

The desirability of more equitable tariff arrangements, between the United States and Canada has long been felt on this side of the border. The commercial policy of the Republic has not hitherto favoured imports from Canada. We have bought largely from the United States, but they have bought much less from us in return. It is gratifying to find that a more liberal policy is now favoured by the neighbouring country, and that the government at Washington express a desire to establish better trade relations with the Dominion. Following the negotiations which took place some months ago between the President of the United States and my government, the results of which were at the time communicated to parliament, a further conference between representatives of the two countries has been held in Ottawa. While no conclusions have been reached, and no formal proposals made, the free discussion of the subject that has taken place encourages my government to hope that at an early day, without any sacrifice of Canada's interests, an arrangement may be made which will admit many of the products of the Dominion into the United States on satisfactory terms.