

mercial union the total customs and excise of each country would go into a common fund. Now on the supposition that this arrangement was talked of that common fund would have amounted last year to \$371,565,456. This arrangement would have however involved a sacrifice of the duties collected by the United States upon Canadian imports as well as duties collected by Canada upon United States imports, amounting to an aggregate of thirteen million dollars. The consolidated fund would be diminished by that sum, and deducting that the total would amount to \$358,565,456. The percentage cost of collection would be somewhat reduced on this fund by the taking away of the interior line of customs houses in both countries. This common fund would be divided on the basis of population, giving to us one-thirteenth, or we would lose one-thirteenth of the total loss that resulted from the loss to both countries of the revenue derived by each from the importations from the other, and it would leave to us a share, on this basis of division, after deducting this \$13,000,000 from the consolidated fund of \$27,582,000, or \$595,000 less than the revenue derived last year from customs and excise. But if the United States should reduce their tariff, as they propose to do, to the extent of \$40,000,000 and we should deduct from that consolidated fund \$40,000,000, in addition to the \$13,000,000 joint loss of revenue, we should then have, as our share of this revenue, \$24,500,000. That would be the financial aspect of the case under commercial union. Now, we must always bear in mind that our tariff on importations from outside countries would be somewhat increased. We must also bear in mind that these two countries are expanding rapidly, that our expansion would be much more rapid than it is now, so that the tendency would be to have a largely increased revenue year by year. But if we were limited to the same rate as at present, we should have \$3,675,000 less revenue from customs and excise taxation under the circumstances named than we have at present. Could we make good that deficiency? We must bear in mind that we would save the cost of our whole interior line of customs houses. We could easily make a large saving in our militia appropriations; living on terms of peace with our neighbors, we would not require to prepare so fully for war. We could make a large saving in expense on public works, in subsidies, in the cost of the civil service, in the cost of the franchise. Then, we would enjoy an increased prosperity in trade, and the extension of business would produce a great increase in the traffic on Government railways and consequently a large expansion in their earnings, enabling them to wipe out that annual sum which we have to contribute to make up the deficiency in their expenses, and probably produce a surplus in their earnings. Under this proposed arrangement of Mr. Hitt, if we were to negotiate on that basis, I assert that if it were carried into practice, there would be no revenue difficulty whatever to meet.

Next, I come to the consideration of the question of unrestricted reciprocity. This is more difficult. Last year we had a revenue of \$28,177,000. If we should enter into this arrangement, we would sacrifice the duty on American importations, amounting to \$7,131,000, which would leave us a revenue of \$21,000,000. Well, that is a considerable shrinkage. Of course, we have to consider that the new arrangement would greatly increase our population, our resources, our trade, and our wealth, and that the exodus would be stopped.

Mr. WHITE (Kenfrew). Would it not increase our importations from the United States? There would be no revenue from them.

Mr. CHARLTON. It might increase our importations from the United States; if it did not, it would be of very little use. It would double and treble our importations from the United States. The profit derived by our farmers

from their trade with the United States would be three times as great as it is now. The ability of our people to purchase would be vastly increased, both from the United States and from all foreign nations in the world, and that would increase our revenue; there is no doubt of it. Our hon. friends opposite will insist on looking upon Canada as the country it is to-day with 5,000,000 inhabitants, increasing at the rate of 18 per cent. in a decade, instead of Canada we would be then, with rapid expansion, rapid growth, rapid increase of population, importations and wealth. But can we make this revenue up? We can. What was our revenue in 1880? It was \$18,479,000, and we had a deficit of \$1,543,000, making our expenditure in that year \$20,022,000. Now, how rapidly did we increase that expenditure from 1880 to the present time? Ought we to increase it faster than our population has increased? I think not. I think our expenditure to-day should bear that proportion to the expenditure of 1880 that our population to-day bears to the population of 1880; and if that proportion had been maintained, our expenditure to-day would not have been increased more than 20 per cent., or \$4,000,000, which would have left the revenue from Customs and Excise last year at \$24,022,000 instead of \$28,177,000. Now, can we raise that \$24,000,000? Can we get our expenditure back to that figure? I think we can; I know we can; but to do so there would have to be a greater inducement than that which rests on the Minister of Finance now, something more than a bare desire; it would have to be the imperative inducement of necessity, and under that pressure the thing could be done. How could it be done? We could save \$200,000 in the cost of the collection of customs revenue, because we would not need so many custom houses as we have now. We could abolish such custom houses as that recently established at Hagersville for the benefit of Mr. Montague. We would save \$100,000 in the cost of the collection of excise revenues; we could save \$200,000 of the expenditure on immigration, or for the matter of that the whole cost of immigration; we could save \$500,000 in the cost of militia; in our appropriations for public works, we could save \$1,000,000 or \$1,500,000; we could save on civil service, and superannuation, if necessary \$250,000 at least; we could arrange our tariff on sugar so as to take the money we put into the pockets of the refiners at present and put it into the revenue, and at the same time secure to our people their sugar as cheaply as they get it now; in that way we could save possibly \$1,700,000. Then, the increased earnings on Government railways, owing to increased business, would probably amount to \$750,000 a year. And all these items would sum up to about \$5,000,000. I think we could meet the expenses under the rigid economy which would be necessary; the thing could be done, and it would be a benefit to the country. Our expenses to-day are enormously great. The United States in 1840, with a population of 17,000,000, spent but \$24,000,000 a year on the army, the navy, pensions, Indians and miscellaneous appropriations—everything in connection with the administration of the Government; and we are told that we cannot get down to the same limit with a population of 5,000,000, a population less than one-third as great. I do not believe it; I believe the thing can be done, and done easily. Then, other sources of revenue could be discovered. If necessary we could readjust the tariff. There are articles in the tariff on which duties could be imposed, if it were necessary to subject the country to that deprivation. Then, it must always be borne in mind that there would be an enormous saving to the country in the cost of goods imported, and in enhanced prices received for goods exported, besides prospective gains resulting from large operations in trade.

The next objection is that the Yankees would make our tariff. Well, that would be rather humiliating. But they certainly would not make it under unrestricted reciprocity