

tea is the only duty which enters into the necessities of labor, at the rate of 44 cents per head, or 8 cents per lb., but in putting a tax on tea it does not permit any producer charging a higher price for his product than the open competition of the world permits of, and it is also worthy of note that the consumption of tea in the United Kingdom has increased to 5½ lbs. per head, while there has been a per capita decrease in the consumption of spirits. The internal revenue also shows a due regard to the necessities of labor—for instance, an income of \$600 is exempt from the income tax. On railway passenger receipts per £100 0s. 0d. a tax is levied, but exempting fares of a penny a mile. There is a tax on insurance policies. On \$50, one penny; on \$5,000, \$2.50; on every additional \$5,000 or fractional part thereof, \$2.50, showing that care is taken to levy the revenue on the wealth and not on the industry of the people.

Coming to our own revenue and quoting the articles upon which it would be necessary to raise the revenue, to adopt the same basis as the revenue of Great Britain, we find there was on

Dried fruits and nuts, duty collected in 1892 and 1893	\$340,519
Coffee, chicory and cocoa	10,000
Green coffee (free) imports 3,000,000 lbs. at 4 cents per lb., British rate	120,000
Tea (free) 22,000,000 lbs. at 8 cents per lb., British rate	1,760,000
Tobacco, importation of leaf 14,000,000 lbs., (raw free) at our present rate of excise yields \$1,860,000, at British rate of excise or duty it would yield, at 75 cents per lb.	10,500,000
Ale, beer and porter, on imports present duty collected	295,000
Excise at British rate on malt, 17,000,000 gallons beer consumed, at 4 cents	680,000
Spirits and wine, duty collected	1,500,000
Spirits, excise on 3,521,000 gallons at present is \$4,611,105; at British rate of \$2.50 per gallon on 3,521,000 gallons would be	8,802,000

Total, at British rate of taxation under free trade

In addition to the Customs duties we derive a revenue from the following, which would not be lowered but under free trade would naturally increase our income:—	
Railways	\$3,204,271
Canals	355,693
Public works	240,150
Post office	2,357,389
Miscellaneous	2,113,000

Customs and Excise

It is worthy of note that the importation of tobacco into Great Britain is fifty-nine million lbs. for thirty-eight million people to fourteen million lbs. for five million people in Canada. If the post-office receipts should increase under free trade to the per capita revenue of Great Britain, \$1.37 per head, it would increase from \$2,357,389 to six million dollars. We therefore find that under our present consumption of the above articles, if we increased our rate of duty and excise to the same standard as prevails in Great Britain, we should at once raise a revenue of \$32,678,000, with a prospect of a large increase of postal revenue under the stimulus of free trade without taking into account an increase of population. Taking, however, for the sake of argument, our revenue as it stands to-day, derived under the above mentioned heads at our existing duties, excise and receipts, and we find that there is, including silks, a present revenue of twenty-one million dollars, leaving about fifteen million dollars to be raised out of the increase of population and

increase of wealth consequent upon the economic condition free trade would enable our producers to work under, in order to equal the expenditure now maintained. It is doubtful if anyone will argue that by removing fifteen million dollars of taxation from the shoulders of the producing classes (and what percentage of our population does not contribute to our producing classes?) that the purchasing power of the people will not be increased by fifteen million dollars, and it must not be forgotten that this is not taking into account the taxation imposed by increased prices of articles manufactured in the country in consequence of the protection afforded them. Remove that double taxation from the shoulders of labor and capital and both will be attracted to the country to work upon our available raw materials for export, and thereby increase our population and its wealth. Will that increase in population and wealth contribute the fifteen million dollars to make up the revenue necessary for our expenditure of to-day? Unquestionably, yes! And the experience of the people of Great Britain will justify that affirmative. In 1840 the total foreign trade of Great Britain was only \$665,000,000, and in 1880 it was \$3,400,000,000 and between 1880 and 1890 it increased to \$3,700,000,000 while between 1872 and 1892 our foreign trade decreased, judged by the per capita standard, vide Year-Book of Canada.

When Sir Robert Peel made his speech introducing the free trade measures in 1846 he said:

"Show me one relaxation, one removal of prohibition which has not contributed to the advantage of the great body of consumers. I will go further, I will show you that the removals of prohibition have contributed, not merely to the general weal and advantage of the consumers, but that they are perfectly consistent with the permanent benefit and increased wealth of the producer. A reduction of the tariff on silk and its materials has been followed by the increased prosperity of the silk trade. For centuries the English manufacturer has been protected by a high tariff against the 'pauper labour of France.' He exclaimed, 'Look at the state of your silk trade at this moment.' The French have long been accustomed to plume themselves upon their silk manufactures. But it may, perhaps, surprise a few of those who are listening to me, to learn that last year, with our relaxed tariff, we actually exported to France more silk than we exported to the whole universe in any year of the protective system, and there is no branch of manufactures in which the same improvement is not observable.

The manufacturers of this country have free access to the raw materials which constitute the fabrics of their manufactures. I am entitled therefore, I think, to call upon the manufacturer to relax the protection which he enjoys. I call upon the manufactures of the great articles of cotton, woollen and linen to relinquish their protection."

Those words were uttered by a leader who was elected upon the distinct issue of protection, in 1841, and who for five years fought for protection, when the principle of free trade was entirely theoretical and was not based upon the practical experience of half a century in Great Britain, which is the object lesson now before Canadian statesmen. We can almost hear Sir John Thompson after a trial of free trade, say: Look at our paper industry for which we have an unlimited supply of raw material. We have exported more paper pulp to the United States in the past year than we have been able to manufacture for the whole of the Canadian people under protection. Look at our coal industry, we have exported more coal to the

U. S. than we have been able to supply the Canadian people with in any year. Look at our woollen and clothing factories or our agricultural implements; we have exported more of their products to the world's markets than we have been able to supply the Canadian people with in any year under protection. Will that not attract population and increase our domestic trade? Will not our farmers benefit by that increase of domestic trade? Will it not bring a consuming population closer to our western prairies and lessen the rate of transportation for their products without reducing the price by competition? Is not its value now fixed by the free trade markets which consume our surplus when it has to compete with the world's supply? Will not the competition developed under the free trade policy distribute the wealth of the country more evenly, and out of that wealth will not a revenue flow into the treasury at least commensurate with the revenue producing power of the country to-day, without resorting to the additional methods of taxation rendered necessary in England to maintain the efficiency of the Army and Navy? These are all facts which have to be met by protectionists in their fight against the promotion of individual effort by legislative enactment, and a consequent stationary condition of our population. The Hon. Minister of Finance takes pleasing credit in his budget speech for 1893 for the fact that our imports for the past financial year show a decrease of two million dollars, while our exports increased \$14,000,000. I would respectfully ask the Hon. Minister the following question: If we exported fourteen million dollars more and imported two million dollars less, how did we get paid for the fourteen million dollars of exports? Did it come to us in bullion? The returns do not show it! The product of Canadian labour has gone out of the country without any visible returns to the country for that industry.

The fact is that fourteen million has gone to meet the liability for interest it is necessary to send abroad on our public indebtedness, our railway indebtedness, and private liabilities for loans which in the absence of fresh borrowings has to be remitted and has to that extent impaired the credit of Canadian labor to import. If we held our own bonds and stock, public and private, and the interest on which was due to our own people, would not the twenty or twenty-five million which has to be remitted abroad annually to meet it, be available to pay for imports and thus show a large increase of imports, which, according to the Finance Minister, would be disastrous to the credit of the country. If he had taken credit for the fact that we had been able to meet our liability for interest by the increased industry of the Canadian people, he would have been justified, but it cannot be contended there is any just pleasure to be taken out of the fact that because our imports had decreased and our exports had increased, therefore we were richer by the amount of that difference.

There is one broad fact that must stare every finance minister in the face, that is, we are only paid for exports by imports, and we have to pay for our imports with exports or other earning power; the bullion we annually import or export to regulate our exchange of trade (which in the past financial year was only two million dollars on a total foreign trade of two hundred and thirty million) is a small item in our receipts for exports or payment for imports. If Canada adopted the principles which govern British free trade, the