

carefully over the receipts and the probable expenditure for the current year, the Government thought they might safely ask Parliament, at this Session, to reduce the taxation another \$1,000,000 or \$1,250,000. That having been decided upon, it, of course, became a question as to the articles on which this reduction should be made. We found the Congress of the United States in session, with various propositions before them for the reduction of the Customs duties and the Inland Revenue taxation, varying from \$50,000,000 to \$120,000,000, according to the action of Congress on these resolutions. One proposition was that tobacco should be reduced from 16 cts. to 8 cts. a lb.; another proposition was that it should be removed entirely. If either of these propositions carried, it would become necessary for the Parliament of Canada, for the purpose of preventing illicit trade, protecting the honest trader, and protecting our own manufacturing industries, that our duties should be reduced in proportion to the reduction made in the United States. Therefore, if the proposition to reduce the duty 8 cts. per lb. on tobacco was adopted, it would necessitate a reduction in Canada which would involve \$750,000; if it was removed altogether, it would 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 would be prepared to submit to Parliament our propositions. 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, 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 that from the reduction of duty on tobacco 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.