

board our ships in loading cargoes and in the several expenses connected with it, for which bills of exchange are drawn against agents, we shall find that these two items alone are sufficient to make up the difference between the imports and exports during the last five years.

Let us come to the question whether \$12,500,000 customs are likely to be realized during the coming year. What circumstances are there to lead us to suppose what we shall not obtain as much during the present year as during the same period last year? I have in my hands reports of the revenue collected during the last eight months of the current year, and I have examined them very carefully to see whether we can gather from them that there was a very large importation during that period. I admit that to some extent it was excessive. I find a reduction of \$824,000, on one side of which no less than \$751,000 was on tea and coffee; but I find an increase of \$932,988, or \$181,988 more than the reduction. What are the items? I can quite understand that, looking at \$32,000 for dry goods, for fancy articles, for silks and satins, for jewellery, for articles that are not the necessities of life, and which come under the fifteen per cent head, I should conclude very naturally that the increased consumption should not be at all in comparison with the increased revenue derived; but such is not the case.

**Hon. Mr. MACKENZIE:** Has the hon. gentleman the last two month's statement as compared with the two corresponding months of last year?

**Hon. Mr. TILLEY:** Yes, and to my surprise it shows an increase. I was surprised to find it, because I fully expected a reduction during the next three months, and the estimate I had made of \$1,333,000 was less than the amount received last year. The receipts were in excess of those for February and March last year, which I was surprised to find. We have in this eight months' statement an increase on sugar alone, of \$37,000. I want to call the attention of the House to this very important and significant fact because we all know that the merchants dealing in sugar on a large scale do not pay their duty unless the article is required for consumption. The duty on dry goods or jewellery is paid when the goods are imported, but it is not with reference to sugar, brandy, gin, whisky, ale and porter. Now we find that the duty paid on sugar alone had increased during that eight months by \$371,000 out of the total increase of \$932,000. It cannot be said that this is not consumption, because we know that sugar is not taken out of bond in large quantities unless required for consumption.

**Hon. Mr. MACKENZIE:** It is for the refineries.

**Hon. Mr. TILLEY:** Yes, but this is to a large extent refined sugar of the best quality. Then we come to the duty payable on brandy, wines and spirits, and that has increased \$72,000. We find on goods paying fifteen per cent, that the increase is \$386,000, while on that sugar and spirits amount to \$450,000. I think we may fairly infer from this statement that there is a steady and very important increase in the consumption of every description of article in the country; and that though the importation may be, and I

admit is, likely to be on a few articles in excess of what ought to be imported, still the examination of the last eight months, statement leads to the conclusion that we may plainly expect from customs, an amount equal to that which we have received during the present year.

We come now to the item of excise, from which it is estimated that the revenue will be \$4,725,000, a little in excess of the estimate of the present year, because there has been a loss on the present year for reasons to which I have already referred. From the statements I expect a revenue from railways, canals, telegraphs, Dawson's route and other public works of \$2,250,000, only about \$150,000 or \$160,000, more than the estimated expenditure for these works. It may be that a good deal of the estimated expenditure will not take place. There is a sum of \$250,000 in the estimates for the purpose of working a railway from Rivière du Loup down the St. Lawrence, but some other arrangements may be made with the Grand Trunk for this purpose if it is thought desirable or equitable to do so; and therefore that expenditure may not be required. But supposing the Government were to work it, we should expect an increased revenue in comparison with the increased expenditure during the year. The whole of the Intercolonial Railway loan cannot be used, but we think that we ought to get out of that fund \$100,000. The total of our estimated revenue, if based upon correct principles, will amount to \$21,740,000, against an estimated expenditure of \$20,826,849, leaving a surplus of \$913,151. Now Sir, there may be supplementary estimates, and there may be other requirements necessitating the consumption of larger sums than those estimated; but the Government do not think it right to ask Parliament to impose additional taxes upon the country at this time.

I will ask the House to go with me and look into the future with reference to our liabilities and the prospects of meeting them under our estimated income. During the first five years we have had a surplus sufficient to pay all our engagements, to provide for the Sinking Fund, and to pay interest on a debt of \$30,000,000. We have in the present year surplus, without taking into account the Sinking Fund for the present year, of something like \$750,000. I see nothing to prevent a surplus during next year, but we are entering into new and heavy engagements involving a very large sum of money. We have entered into an engagement by which we undertake to pay to the Pacific Railway Company \$30,000,000. The canal system which has been accepted by the Dominion Government will involve an expenditure of at least \$20,000,000.

How are we to meet the annual charge involved by these engagements? We have to fall back in the first place, upon the guarantee of the Imperial Government of 2,000,000 pound sterling, in lieu of the Fenian claims. Then we have the guarantee for the Intercolonial Railway of 2,500,000 pound sterling, and the guarantee of 300,000 pound sterling in connection with the Northwest Territories; and I may state to the House that the Imperial Government have consented to the transfer of the Fortification guarantee of 1,100,000 pound sterling to the construction of our canals and the Pacific Railway. (*Hear, hear.*) These four items, making a guarantee of 5,400,000 pound sterling,