

session. If pressed through now, it would only make the Union more odious to the Lower Provinces than before.

Hon. Mr. Rose thought if there was one principle enunciated more clearly than another, the other night, it was that the system of taxation to be put in force should bear as equally as possible on all parts of the Dominion, and the proposition now before the House was merely carrying out the principle already affirmed, and extending the law in force in the old Province of Canada to other parts of the Dominion.

Mr. Savary entirely concurred in the observations of the honourable member for York (Mr. Fisher) though he was rather surprised at hearing that gentleman raising objections, when he must have known, as a supporter of Confederation, that this would be one of the inevitable consequences. It seemed to him this was the last species of taxation to which we should resort. He should prefer to have duties on other articles, such as brandy and other liquors, etc., increased, rather than to adopt a means of raising revenue which would be so obnoxious to the people of the Maritime Provinces.

Mr. Blake thought it very inexpedient to adopt this proposition now, when the whole system of taxation was to be revised at the next part of the session. The expense of providing machinery for carrying out the imposition of stamp duties in the Lower Provinces would thus be incurred, when it might subsequently turn out that this mode of raising a revenue was not applicable to them.

Hon. Mr. Rose said that his honourable friend was under a misapprehension in supposing that it was not the policy of the Government to continue the stamp tax in force. He had no hesitation in saying that such was the policy of the Government, and they intended putting it in force in the Maritime Provinces at the earliest possible moment.

After the recess,

INLAND NAVIGATION CO.

A message was received from the Senate reporting the adoption of the Bill respecting the Inland Steam Navigation Company, with amendments, which were concurred in.

ST. LAWRENCE & OTTAWA R. R.

The Bill to incorporate the St. Lawrence and Ottawa Railway Company was read a third time and passed.

BANK OF UPPER CANADA

Hon. J. H. Cameron (Peel) moved the third reading of the Bill for the settlement of the affairs of the Bank of Upper Canada.

Mr. Blake suggested that the two trustees to be appointed by the Government should not be shareholders.

Mr. T. Ferguson thought that it would be better to allow shareholders one trustee, Government another, and the country bill holders a third. He also opposed the principle of giving votes according to the number of shares held.

Hon. Mr. Cameron (Peel), did not think it wise to make any change in the measure as it stood. Government were themselves largely interested in seeing that the affairs of the bank were wound up as rapidly and economically as possible. He thought it highly desirable that a general measure for the winding up of corporations should be carried through, and if Government were not disposed to take up the question, he should bring in such a Bill himself.

Sir John A. Macdonald intimated that such a measure would be brought in.

Mr. Ferguson contended that an unjust discrimination had so far been made in favour of large creditors.

Mr. Street said there had been no disbursement made which had not been founded upon the strictest impartiality. Under the powers of the assignment, the trustees had the power of accepting all claims proved on examination to be just. As to votes being given according to the number of shares held, that was precisely the principle adopted by the House in the case of the Commercial Bank bills. As a shareholder possessing large individual interest in the bank, he thought the Bill was for the benefit of all concerned. For his own part, he would gladly be released of his duties as one of the trustees.

Mr. McConkey said there was undoubtedly great dissatisfaction as to the mode in which the affairs of the bank were being wound up. He thought the period within which a settlement was to be made should be fixed, and that the trustees to be appointed by Government should not be shareholders.

The Bill was read a third time and passed.

CUSTOMS

On motion of **Hon. Mr. Tilley**, the Act respecting Customs was read a third time and passed.

On motion of **Hon. Mr. Rose** to go into Committee of Ways and Means, **Hon. Mr. Holton** said he did not at this late stage of the session desire to delay the business of the House by going at any length into a review of the financial statement of his honourable friend opposite (Mr. Rose), nor should he attempt to reconcile the conflicting statements made by him and by his predecessor in office. He should admit, for the purpose of his observations, that the statement of the Minister of Finance was correct. It was quite apparent that we had a very large floating debt, for which gentlemen on the treasury benches were responsible. It was the old floating debt of the late Province of Canada—nothing more and (he was sorry to say) nothing less than a year ago. It was quite apparent that the legislation of last session, which was to cancel that debt, had proved an entire failure, for in spite of it the debt we had now to deal with was at least quite as large and progressively increasing as when we last had the subject under consideration. But he proposed to turn his attention rather to the remedies which the Finance Minister had proposed in these resolutions before the House than to the extent of the floating debt itself. He would merely remark with regard to the character of that debt, that it was, in his judgment, exceedingly to be regretted that so large an amount was still due to the Bank of Montreal. He thought that institution was placed in a false position by being continually creditor of the Government to so large an amount. It was deprived of its power to serve adequately the interests of the commercial community, by having nearly all its capital locked up in loans to Government, and it was not to the interest of the country that any one institution should be placed in a position to enable it to exercise so much influence over the Government. What occurred after the passage of the Legal Tender Act of last session—which the Government of that day represented as essentially calculated to enable it to fulfil its obligation to its creditors? Within less than one fortnight after it received the Royal Assent, the then Minister of Finance, by private bargain with the Bank of Montreal, stipulate for the repeal of that measure *quoad* all the other banks of the country, for it appeared by the papers which had been laid before the House that no other bank could obtain the advantage of that Act, if advantage there was to be obtained, without giving six month's notice to the Bank of Montreal. Then he came to another specimen of the power exercised by the Bank of Montreal, through its Manager, over the

Government of the day, as exhibited in the tone of that now famous letter of Mr. King, addressed to the late Minister of Finance, made public by being read to the House the other day. He would say it was degrading to the Government and humiliating to the country that an officer of any monetary institution should be in a position to address the Finance Minister in such terms. (Hear, hear). He was pained when he heard that letter read on the floor of the House, as he was sure every other gentleman who heard it must have been; and he repeated that this humiliation was brought on the House and on the country by the indebtedness of the Government to the Bank of Montreal. Then we had the finger of this gentleman (Mr. King) undoubtedly in the proposed policy of the Government on the silver question. His honourable friend, the Minister of Finance, told them he could not disclose to the House the policy which he intended to follow in reference to this question. When he asked the House to consent to what he (Mr. Holton) considered a preposterous proposition as standing alone, but which might appear differently, he was prepared to admit, if forming part of a comprehensive scheme. He (Mr. Rose) did not tell them what his policy was simply because Mr. King had not disclosed to him his policy in this regard. Mr. King had evidently disclosed this absurd proposition of 15 per cent duty, and the policy, when we got it, would be to gather up this large amount of floating silver, and redeem or replace it by paper currency, the manipulation of which would be given by Government to Mr. King, and the profits of which would accrue to the Bank of Montreal. He knew that it would be said, as it had already been said in the press and in the House, that he (Mr. Holton) was responsible for giving Mr. King all this power, that he made the arrangement by which the Bank of Montreal was made the financial agent of the Government. His answer to that charge was simply this: by the arrangement which he made with the Bank, on behalf of the Government of the late Province of Canada, and so long as the administration of the finances was in his hands the Bank of Montreal was the agent, and most useful agent, of the Government of the country, and not its master, as it had since become, owing to the mode by which he (Mr. Rose) proposed to deal with the finances of the country, or rather to raise money in order to cancel the large floating debt, there were a great variety of them, and it seemed to him the list was quite too long if it looked only to raise the amount of this floating debt of five or six millions. In the

first place, he (Mr. Rose) proposed to extend the circulation of legal tenders, thus deranging still further the bank circulation of the country, and maintaining that state of uneasiness which had existed ever since the passage of that unfortunate measure last session. Then, he proposed to issue exchequer bills, which would, no doubt, if it succeeded, also displace bank circulation, without dealing at all, comparatively, with the question of banking and currency. Then he had a new stock which he proposed introducing. What must be the effect of it? His honourable friend said that he was opposed to doing anything to interfere with bank deposits, but the whole amount of this new stock must be withdrawn from deposits of the Banks. Another of his remedies was to gather up all the petty savings of the industrious classes, and to convert them to the purposes of Government representing them by Government paper instead of permitting them to be employed in the ordinary purposes of trade. The silver question he had already referred to. His honourable friend would not deny that statement from the Minister of Militia the other night that the purpose of Government was to utilize this question to their own purpose. Of course, the next step in their programme would be some scheme for the redemption of this silver. He would ask at what rates he now had millions of it in circulation, and it was of some importance to the public to know what value they were to attach to that property; meanwhile disturbance was added to disturbance in commercial circles by the mode in which the Government proposed to deal with this question. Referring to the proposition respecting life insurance, etc., he observed that he was not prepared to say a portion of the public debt might not be fairly converted to terminable annuities, but unfortunately these measures were only proposed for the purpose of contracting new and additional burdens. All these measures would have the effect of sweeping into the coffers of Government a large amount of the floating capital of the country without giving anything in its place, and that not for the purpose of reducing the burden of our national debt, but of raising a few millions for other purposes which would be known further on. He maintained that the course of Government was exceedingly unwise. In 1870, the bank charters expired, and it was of the last importance that the country should know at the earliest possible moment by what means it was proposed to supersede the present bank system. Government should

be satisfied with letting in this part of the session such measures of revenue as were absolutely required, and leave till the House met again the full consideration of those for reaching financial measures, and to root them together as it were in order that they might form one consistent whole, so that the country may not be kept in the present disturbed state any longer.

Hon. Mr. Rose never heard a more illogical speech from his honourable friend (Mr. Holton) than the one he had just listened to, in reply to which he stated that the money they would get from life assurance companies would not be foreign capital, but would come from foreign parties in England and the United States, who had their agents here. These companies would necessarily bring money here, which would be loaned to Government at such a rate of interest as they could afford to pay. His honourable friend asked how they were to get money for this Dominion stock. There was a large sum of money in the country, which was invested in mortgages, municipal securities, and American bonds, and a large amount in banks seeking investments, which would be invested in Government securities with a fair rate of interest, if time were given for people to get their moneys from places where they were now invested. He thought it would not be long before the country would be in such a position that Government would not be beholden to its financial agents. In answer to the honourable member for York, he said that last year they had reduced their tariff to a great extent for the purpose of assimilating it to the tariffs of the Lower Provinces, and large concessions had been made them in this tariff particularly in the articles of tea, molasses, shipbuilding material, and flour. In regard to stamp duties, he thought that was the best mode of getting a revenue, as it was a duty which was not borne by the poor, but the rich, being mainly derived from wealthy merchants.

Mr. Killam repudiated the statement that Nova Scotia had been liberally dealt with, and, with regard to the silver question, thought that it would be preferable to fix a stated value for all such coin, as they in the United States had done for Mexican dollars and doubloons, than to impose a duty which would not have the effect either of reduction or exclusion.

Dr. Parker said, up to this date the Ministry had not brought down any measures that were not provisional in their character,

with the single exception of the stamp duties. Considering that the Ministry professed to include the aggregate talent of all parties he thought they had proved themselves very inefficient. He made every reasonable allowance for the position of the Minister of Finance who had only come into office during the present session, but that was no good reason why the proper estimates had not been submitted to the House when there were three members of the treasury board who had been in the Government since last July. He felt satisfied the expectations of Government would be disappointed as regarded the Customs revenue they anticipated in the current year. There were large stocks of goods now on hand at different points, and prices of several articles had fallen very much so that the duties collected from those articles would be much less. He fully anticipated at the close of the financial year a larger deficiency than was estimated by Government. As regarded the position of the Maritime Provinces, he thought it would have been better if Government had postponed all those measures affecting Customs, Excise, Stamps, etc., until they were prepared to bring down a full and complete measure. By the course Government were now taking they were simply grasping at a shadow and were alienating the minds of the people of the Maritime Provinces. He desired to say a word on the question of expenditure. When the question of Confederation was before the House, it was estimated by the member for Sherbrooke that the total cost of the General and Local Governments would not much exceed the cost of governing these Provinces separately. Dr. Parker proceeded to give figures to show that the actual increase was four and a half millions. The expenditure was over seventeen millions. If it went on in the same way, it would in a short period be raised to twenty millions or more. He was afraid that when it came to be generally understood how costly was our Government, it would shake the confidence of the people not only of the Maritime Provinces, but of the West, in our new system. As regarded the modes proposed for extinguishing the floating debt, he thought some of them were mere fancy schemes. He believed their general effect, at least in Ontario, would be to contract the facilities given by banks for the commercial operations of the country. The Government should endeavour to bring the revenue up to the expenditure, and then floating debts would not have to be provided for. Referring to the explanations

[Dr. Parker (Wellington Centre)]

given by the member for Sherbrooke, as to the failure of the Commercial Bank, he said he believed the country would come to the conclusion that it was the duty of the Government to have come to the assistance of that bank. Had they done so, they would have averted the commercial crisis which followed, and which required them to sustain not one bank merely, but all the banks when threatened with a general run.

Mr. Cartwright urged the Government to dispense with stamp duty on sums of less than \$25, which was a great annoyance to the agricultural community, and produced only a trifle in the aggregate. He did not think the stamp duties on larger notes were any inconvenience.

Mr. Morris believed the country would regard the policy by which the Government proposed to provide for the floating debt as a sound one, as the initial step towards placing a large portion of our debt in the position of being borrowed from home source, the interest on which, instead of going into other countries, would pass into the hands of our own people. The Postal Savings Bank would prove a great boon, providing the industrious class with facilities for laying up savings against a rainy day or against old age. He was satisfied also that the establishment of a Dominion stock would be favourably regarded by the people of this country. From enquiries he had made, he believed not less than ten million dollars were now invested by persons residing in this Province in American securities. The reason of this was that there was a large class of funds in the Province for which we furnish no proper means of investment. The establishment of an annuity fund, which had proved successful in England, would, he had no doubt, be successful here also. He hoped we would soon have a Canadian coinage which would displace the American silver now in circulation.

Mr. Pope said that it was well to take what American money we could get whether it came in greenbacks or in silver. He had been pleased to hear the member for Wellington (Dr. Parker), and the member for West Durham (Mr. Blake), express so much confidence in Mr. Galt for whom he (Mr. Pope) had always cherished great personal and political friendship. It had not been customary for gentlemen opposite to think so highly of that gentleman.

Hon. Mr. Tilley said it was gratifying to find that the propositions of the Finance Minister for meeting the floating debt had met so generally with the approval of the

House. It should be remembered, however, that while the propositions would absorb gradually the surplus capital in the Dominion, the expenditure of fifteen millions of English capital in the construction of the Intercolonial Railway would introduce a great deal of money which in a year or two would place Government in a position independent of the Bank of Montreal and its other financial agents. He then proceeded to reply to the speech of Mr. Connell, on Friday night, in which Mr. Tilley was charged with bringing heavy burdens on New Brunswick, although he had declared down there that no heavier taxation would be laid on New Brunswick after than before the Union. He still adhered to that proposition. The mode of levying the taxes might be different, but the total revenue collected from New Brunswick would not be greater than she paid in 1866.

Mr. Connell said, at this late hour looking around the benches, and seeing the spirit evinced during the debate, it was of little consequence what might be said by those who were opposed to the resolutions now before the House, as he saw there was a determination to pass them without change. He did not come here to give his vote against a just share of taxation being placed upon New Brunswick, but on the contrary desired to aid and assist the Government to consolidate the Union. The House would quite understand his position when he said that no honourable member in that Parliament had given more time, of worked more, for a Union of these colonies than he had. It had cost him a great deal of anxiety. He trusted that even yet the Government would so modify these resolutions that they would be more in accordance with the wishes of the people he represented. But if he should be disappointed, and the prophecies of those who were opposed to Confederation were to be fulfilled, the House would imagine the position of those so situated. During the progress of Confederation in New Brunswick we were told by the honourable and learned member for Westmoreland, that our interest came in conflict with that of Canada. He regretted to find that the predictions of his honourable friend were likely to be verified in the passing of these resolutions so injurious to our interests. He (Mr. Connell) had listened with much satisfaction to the clear and lucid statement of the Finance Minister. He was quite sure that any misapprehension with reference to our finances, was clearly met and explained by that honourable gentleman. He felt bound to say the statement was a credit

to the Finance Minister, and fully justified the reputation he held as a public man. His explanations will go far to satisfy the public that the finances are not in so bad a state as was supposed by the public. Still the mode of managing the finances, and allowing these deficits to accumulate was injurious to the country. He was pleased to find the Finance Minister had suggested a mode whereby that evil would be remedied. He did not think the financial condition of New Brunswick had been fairly represented, or understood, in this House. Previous to the first of July last, at the time of entering the Union, all the demands on the Treasury including the railway subsidy, were promptly met. In addition to which there was placed in the Local Treasury an amount sufficient to meet all the demands which the Local Government was liable to. We learn from a statement of the Finance Minister that on the first day of July last there was \$250,000 in the hands of the Treasurer of New Brunswick, which was placed to the credit of the Dominion. We had no floating debt, but came here with a clear sheet, and were able to hand over to the Union \$250,000 instead of asking of them to meet our Legislative appropriations, and the amount the Government were liable to pay by law. This was the state of the case in New Brunswick on the 1st July, 1867, and he thought the House would say this position was quite satisfactory. What he (Mr. Connell) complained of was the hurried manner this measure was forced through the House at this late period of the session. Why this haste and hurry? We have existed six months and heard no complaint. He saw no harm in allowing the matter to lie over for the next two months. He regretted that the advice of the honourable member for Sherbrooke had no effect upon the Government. Considering the recent position of that honourable member in the Government it is to be regretted that his advice had not been listened to. On my return home the question will be asked, what have you done for us at Ottawa? The reply will be, we have discussed many important measures and a tariff has been passed, lessening the duty on gin, wine and brandy, but increasing the duties on tea, molasses and sugar, and also placing a duty on flour and meal, which has hitherto been unknown in New Brunswick, and we have in prospect a Stamp Act and postage on newspapers. This would be an unpleasant communication to make to his constituents on his return, and what is more, the honourable and gallant knight at the head of the Government stands

forth so defiantly, and tells the representatives from the Maritime Provinces that this measure must be pressed through, and that at once without change, notwithstanding the almost unanimous protest of all the members from New Brunswick and Nova Scotia. No doubt this may be gratifying to the opponents of Confederation, but what is the position of those who aided in placing matters in their present position? It is to be regretted that the Government have resolved to take a course so objectionable to the representatives of the Maritime Provinces. He regretted to make these statements, but he felt it a duty incumbent upon him to do so. He entered his protest against the course pursued by the Government in the present resolutions by taxing people's bread and other necessaries of life. This is not what the friends of the Minister of Customs or the people of his Province expected from him. He may continue in the Government unsupported by the members from New Brunswick in this all important measure, but that is a matter in which he must act in accordance with his

own judgment, and leave people to form their own opinions.

The Minister of Customs had said the representatives from New Brunswick and Nova Scotia are alarmed without cause. Their vote on this question will show what they consider to be their duty to their constituents and the Dominion. The people of New Brunswick did not expect at this first session that a measure would be brought down which would so injuriously affect their interests. They did not expect the Minister of Customs would have introduced a measure, which from his speeches on the platform at the hustings, and in the Legislature, they were led to believe he would have been the first to protest against. We were led to believe our taxes would not be necessarily increased. What we do desire is a fair distribution of the taxation, or to delay this measure until the adjourned session.

Mr. Connell then read the following statement of the tariff now existing in New Brunswick, and the proposed tariff for the Dominion:

	Proposed Tariff	N.B. Tariff
Spirits, etc., per gall.	80¢	Brandy .. 80¢
		Gin 60¢
		Rum 70¢
		and 3 per cent.
Cordials	\$1.20	50¢ and 3 do
Tinctures	30¢	30¢ do 3 do
Ale, Porter, etc.	57¢	10¢ do 3 do
Oil, Coal and Kerosene, etc.	10¢	15¢ do 3 do
Sugar, etc., per 100 lbs.	3.00	\$1.25 do 3 do
Sugar, white, etc.	2.60	2.00 do 3 do
Sugar, yellow and brown	2.25	1.25
Sugar, Brown Muscovado	1.90	1.25
Any other not equal to Brown Muscovado ..	1.68	1.25
Molasses, if used for refining purposes, or for manufacture of sugar, per 100 lbs.	73¢	2¢ per gallon
or	6½¢	do
Molasses not so used per 100 lbs	55¢	2¢ do
or	5¢	do
Coffee, green, per lb.	3¢	2½ per lb.
Common Soap per lb.	1¢	1¢ and 3 per cent
Cigars per m.	\$3 to \$6	12½¢ and 3 do
Flour per bbl.	25¢	free.

[Mr. Connell (Carleton)]

This statement shows the difference between the two tariffs, and will be readily understood.

The Minister of Customs has made a statement showing the benefits the people of New Brunswick will receive by reducing the duty on the following articles:

On brandy	\$ 2,850
On rum	15,380
On wine	12,097
On ale	13,712
Unenumerated articles	1,820
Free list	44,504
Sundries	15,000
These reductions amount to	\$110,000

He did not consider this any great boon, particularly as it was purchased at an increased duty upon flour, tea, molasses, etc. It would have been much better to have reduced the duty on those articles, and retained it on some articles in the free list. This free list particularly benefitted the importer and the ship builder, but was of no value to the mass of the people in the rural districts.

Let us look at the increase on the articles named by the Minister of Customs (Mr. Tilly). The great saving referred to has been effected by increasing the duty on

Ales	\$ 10,000
Tobacco	24,000
Molasses	25,000
Tea	22,000
Sugar	27,000
Flour	12,500
Corn	6,000
Spices and perfumery	600
Amounting in all to	\$130,000

These figures refer to New Brunswick. Thus the Minister of Customs endeavours to show that the taxation is increased only \$20,000. This was not so. He did not complain of the increase, but he protested against the mode and manner of its distribution: instead of its being a relief to the farmer and mechanic, it is just the reverse. This measure is unknown to the people of New Brunswick, but it is not so to the people of Ontario and Quebec, with their ready means of communication. By estimating the revenue of New Brunswick last year, and comparing it with a

fair estimate of what it would be for the coming year, he found the following estimated results:

On tea	\$ 27,000	
Coffee	77	
Refined sugar	20,679	
Molasses	29,750	
Leather	895	
Indian Corn	7,360	
Cotton warps	7,860	
Printing paper	1,690	
Tobacco	46	
Whiskey	21	
Gin	12	
Cordials	4	
Rum	24	
Alcohol	\$146,000	
Internal Revenue	\$ 51,500	\$202,908
Less \$70,000 free list.		

This reduction of \$70,000 is estimated in consequence of the free list, and reduction on the 15½ and 18 per cent dutiable goods, which is now reduced to 15. This will make an increase of our tax of \$223,000 at a low calculation. This increase would not have been required in New Brunswick for a long time to come. The increase is now unfair and is for the benefit of Quebec and Ontario. The debt assumed by the Dominion for Canada is \$62,500,000, for Nova Scotia \$8,000,000, New Brunswick \$7,000,000. New Brunswick has yet to receive from the Dominion \$1,300,000, to make up the debt with which she is entitled to enter the Union. Thus we are raising this revenue in order to make up not only the floating debt of Canada, but the interest on the \$17,500,000 over and above the amount they were entitled to enter the Dominion with, costing the Dominion about 7 per cent, while they were only receiving 5 per cent from Quebec and Ontario. He concluded by stating that owing to the lateness of the evening he would not further trouble the House, although these resolutions were of great importance to the Union. He regretted that the Government had pursued such a course, with reference to the tariff, by enacting a temporary tariff with no fixed policy with regard to the taxes of the country, and which he regretted to say would be unsatisfactory to the people he represented, and to the Province at large.

Hon. Mr. McMillan said the arguments advanced by his honourable friend the member from Hants and the honourable member from York, who had just now addressed the House, were more against the distribution than the amount to be raised by those duties. He shared with them in that opinion, the necessities of life should be as exempt as possible from taxes. His opinion always had been that in Union the revenue would to a large extent be raised from the luxuries of life, that with a population of four millions and always increasing there would be manufactured within the Dominion those articles which are largely consumed by the mass of the people, and the duties would have to be imposed on those articles consumed by the richer portion of the community. He regretted that the Government had not relieved some of those articles that are viewed as the necessities of life, and imposed a higher duty on those which may fairly be considered luxuries of life. True, the Minister of Customs states that this is only temporary, and that the whole tariff will at an early date be revised—that it will take some time to ascertain the effect of free intercolonial trade on the Revenue of the country. He agreed with his honourable friend that it required some time to arrive at a correct conclusion on this point; he would, however, feel it his duty to vote against some of the sections. His honourable friend from Gloucester charged the Minister of Customs with making statements against his own Province, but that honourable gentleman forgets that he has made statements that cannot be borne out by facts against the whole Union party from New Brunswick. He states that the people had no time to deliberate. The people were twice appealed to on this question, they rejected it the first time because they had no time to deliberate, but after further deliberation they accepted it with an overwhelming majority. His honourable friend takes the revenue of 1866, by far the largest that was ever collected in that Province, to base his calculations on what New Brunswick will contribute to the Revenue of the Dominion, but let him take an average of ten years, and he will find the result very different. The average Revenue from all sources for the past ten years is \$815,000, deduct from that the Canal and Territorial Revenue and Export Duty \$90,000, and you have an average of \$725,000, which the Dominion Government will control, then take the other side of the account. The Dominion pays the interest on \$7,000,000 subsidy of 80 cents per head, subsidy of \$50,000, and for ten years \$63,000. Governor and Judges'

[Mr. Connell (Carleton)]

salaries, Penitentiary, Colonial and Provincial Revenue, deficiency of Post Office, Military and Militia, Steamboat Subsidy and Inspection, amounting in all to \$877,500. I regret to be obliged to go into these particulars, but feel in duty to myself and the party with whom I have always acted, to show that New Brunswick has not suffered in the arrangements. His honourable friend from Carleton complained of the Bill now before the House, but his honourable friend was largely responsible for the present state of things in his own Province, and for the increased tariff that would have been required there whether Union was accomplished or not, the subsidies which were forced upon the people of the Northern part of the Province to build railroads, connecting every county in the East and West will amount to one million eight hundred and fifty thousand dollars, and the honourable member from Carleton and York are largely responsible. He (Mr. M.) did everything he could to prevent it, and when he could not prevent it altogether he tried to make the burden as light as possible. This money is expended in his honourable friend's neighbourhood, and their counties West and East are connected by railway at the expense of the Province of New Brunswick, and I have no doubt when the Intercolonial Railway Bill is submitted to the House these honourable gentlemen will have the boldness to advocate the Frontier route, or the Central route so-called, which is also within a short distance of the frontier. The interest on this one million eight hundred and fifty thousand dollars would have to be paid in addition to the present liabilities of New Brunswick, and that could only be met by increasing our tariff whether in the Union or not, again if we built the Intercolonial Railway assuming $3\frac{1}{2}$ twelfths as by law we undertook to do. This would incur an additional debt of one hundred and seventy-five thousand dollars, that along with the one hundred and nine thousand dollars the interest on the subsidies for Western and other extensions could only be met by an increase of tariff, very much larger than will be required under this Bill.

Mr. Metcalfe, in reference to the explanation of the member for Sherbrooke the other night, charged the Bank of Montreal with the responsibility for the failure of the Commercial Bank, and with creating a panic in order to ruin Western Banks, especially the Royal Canadian. So far from the explanation of the member for Sherbrooke satisfying him of his innocence in the matter, he (Mr. Metcalfe) believed that there was a collusion

between that honourable gentleman and Mr. King, a deliberate intention on their part to destroy the Banks of Western Canada. During the panic, horsemen were employed, by whom he (Mr. Metcalfe) could only guess, to go through the country, north of Toronto, and advise people to bring their notes into the city and obtain gold for them, and the Bank of Montreal did everything it could covertly to discredit the Royal Canadian Bank, which was the first attacked, because it had somewhat larger circulation than the other banks. It was only when that bank showed its ability to sustain itself by depositing \$50,000 in gold with the Bank of Montreal to meet its balances that the Bank of Montreal ceased its efforts. The correspondence read by the member for Sherbrooke showed how much Mr. King was annoyed by the Government offering to receive the notes of chartered banks, established clearly to his mind the fact that there was then and still existed a deliberate conspiracy to destroy the banks of Western Canada.

Hon. Mr. Fisher strongly opposed the imposition of the stamp and flour duties, especially when the duties on brandy and other spirits were reduced. He complained that the representatives of Western Canada did not appreciate the position of the people of New Brunswick, or they would not support taxes which, being new, burdensome, and unsuited to their condition, must necessarily become odious.

Mr. Ferris was surprised that such a temperate man as the Minister of Customs would propose a decrease of duty on spirits, and impose taxes on articles of food as well as newspapers. He thought that honourable gentleman would have resigned office before consenting to make such propositions. (Laughter.) He thought the tariff justified what had been said by the opponents of Confederation, and he was sorry the people of the Lower Provinces had not been more justly dealt with.

Mr. Webb defended the member for Sherbrooke against the violent attack made upon him by the member for East York, and said that the Government should have had the boldness to make his charges when the member for Sherbrooke was in his place and had an opportunity of defending himself.

Mr. Gibbs thought the stamp duty would not be found so objectionable in the Lower Provinces as some honourable members seemed to suppose. He had feared its opera-

tion in Canada but the result showed no form of taxation which was more cheerfully borne by the people. With regard to the explanations of the member for Sherbrooke, there was a lurking suspicion that the real cause of that gentleman's resignation had not yet been fully told. He (Mr. Gibbs) believed he had fallen a victim to his legal tender scheme, and he hoped the Government would not push that scheme to a greater length, for still more injurious effects must follow. Business in the West was now very much embarrassed in consequences of the uncertainty on the part of the banks as to their future course. He trusted Government would see its way to loosening its connection with the Bank of Montreal, and to the liquidation of its floating debt, by some other mode than the issue of legal tenders.

Mr. Anglin opposed the new duties proposed by Government, but regarded them as the result of Confederation.

Mr. Ferguson, did not believe any propositions could have been offered which would have satisfied honourable gents from the Lower Provinces. They complained when duties were increased, and also complained when they were reduced, so that it appeared at most impossible to please them. With regard to the Bank of Montreal, he hoped, if its connection with the Government continued, that it would either open agencies of its own, or use those of other Banks in the country northwest of Toronto, in order that people in that locality who received Government drafts, might get them cashed without having to submit to discount.

Mr. Ross (Dundas) thought if any portion of the Dominion had cause of complaint it was central Canada, as large sums of money were to be expended on the Intercolonial Railroad, and on the opening up of the Red River territory in the West. He regretted sincerely the discontent which prevailed in the Maritime Provinces, but thought they had no cause of complaint. As to the tariff that was fair and equitable to all parts of the Dominion.

Mr. Read suggested that the stamp duty be removed, and that the amount be made up by placing an additional duty of 3 cents a gallon on the three million gallons of whiskey manufactured in Canada.

Mr. Wallace thought, if Confederation would turn out a failure, it would be only through bad legislation. He was sorry to see that the

tariff would add to the dissatisfaction and discontent.

The House then went into Committee, and the resolutions were passed, to be concurred in to-morrow.

INTERCOLONIAL RAILROAD

Hon. Mr. Cartier moved the second reading of the Intercolonial Bill.

Hon. Mr. Holton said the road would have very little advantage, either in a commercial or military point of view; but, under the circumstances, he could not help regarding it as a political necessity. He objected that Bill did not fix the route. The House ought not to be invited to pass a measure of such vast importance, involving the expenditure of at least thirty and probably forty millions, without having the location of the road fixed, or a reservation in the Bill that it should be submitted to the House before final decision. He noticed that the Chief Commissioners were not, in express words, excluded from Parliament; but as subordinate officers were, he presumed Chief Commissioners would be disqualified. He desired to take this opportunity of referring to another matter connected with the inception and progress of this railway project, in which he and a certain Minister had deep personal interest. He referred to what took place in 1863, when the present honourable member for Cumberland as representing the Nova Scotia Legislature; and the present Minister of Customs as representing New Brunswick, met the Canadian Government at Quebec, to take into consideration the building of this road. It was there proposed that Mr. Sandford Fleming should be sent to survey the route. Dr. Tupper acquiesced in this proposal, and Mr. Tilley first acquiesced, then all but acquiesced, and finally concluded to consult his Government, and submit their decision to the Canadian Government. Then followed the atrocious despatch of the notorious Governor Gordon charging the Government of Canada with all sorts of breaches of faith. The Minister of Customs was at that time one of the constitutional advisers of Governor Gordon, and, therefore, responsible for that despatch. He hoped the honourable gentleman would embrace this opportunity to relieve himself from reproaches which he (Mr. Tilley) must feel he has been exposed to in this matter, and give to the House and country an explanation of his conduct on that occasion.

[Mr. Wallace (Albert)]

Hon. Mr. Cartier said when the honourable gentleman had admitted the necessity of the railway, he had admitted the necessity of this Bill. He would remind that gentleman that he (Mr. Holton) himself had, when a member of the Government, advised the building of the same railroad. It should be remembered that for six months in the year Ontario and Quebec had no communication with Europe, except through a foreign country, and Mr. McCulloch might at any moment deprive us of the bonding system, and prevent the transmission of our goods through the United States. He did not anticipate any such difficulty, but the Intercolonial Railway would relieve us from a state of dependence. A great deal of jobbery had been done in connection with the Grand Trunk, but Government would avail themselves of the experience of the past to prevent the recurrence of such jobbery. With reference to the right of Chief Commissioners to sit in Parliament, he must ask his honourable friend not to prejudge the question. A measure will be introduced in the second part of the Session, respecting the independence of Parliament, and this question would then be decided. In regard to the route, the Imperial Act provided that, in order to secure the guarantee of three millions sterling, it was to be left to the Imperial Government to select the route, and, therefore, this Parliament could not deal with the question.

Hon. Mr. Dorion said the gentlemen who still occupied the treasury benches were responsible in no small measure for the jobbery and corruption connected with the building of the Grand Trunk and the Parliament Buildings, and it was very little guarantee that the Intercolonial Railroad would be built in an economical way, that the same gentlemen had the supervision of it, if the route was left to be decided in England there would be the same blundering with regard to it as was in regard to the decision as to the seat of Government. If left to be decided in England, two chances to one the worst route, as regards the interests of this country, would be selected. He held it was the duty of this House to indicate the route. This railroad was to be built for a contingency which not one member in twenty believed to be in the slightest degree probable, namely—that the Americans would be so blind to their own interests as to prevent our trade and traffic passing through their country; but in bringing about Confederation, the Intercolonial Railroad had been put in the scale to make