CANADA'S FINANCES DISCUSSED AT OTTAWA

Finance Minister Fielding Makes His Annual Budget Speech--A Greater National Debt Than Ever, Due to the Building of the National Transcontinental--Fielding Advises Economy--Foster's Incisive Criticism.

Finance Minister Fielding delivered his budget speech in parliament on Tuesday of last week. He began by reviewing the two fiscal years just closed. In 1908 he had counted on an actual revenue of $96,500,000 and an expenditure of $77,500,000. The actual revenue was $445,000 less than the estimate, and the actual expenditure was $858,000 less than the estimate. The net result was that whereas the anticipated surplus was nineteen million, the actual surplus was $19,413,000. In addition there was capital expenditure of $30,429,000 of which $18,910,000 was chargeable to the N.T.R., and the other was special expenditure of $5,500,000 making a total capital and special expenditure of $35,937,000. If the surplus and sinking fund and a small refund be deducted from this capital expenditure it leaves a total net increase in debt of $14,288,000, or if the N. T. R. had not been built there would have been a decrease in debt of over four million dollars.

Largest Customs Returns.

Analysing the revenue for 1908, customs contributed $57,500,000 which is the largest customs revenue in the history of the Dominion, while the rate of taxation is lower than existed in former times.

Calculated on duitable goods only, the average rate of duty charged in 1896 was 24.974 per cent.; in 1908 it was 26.582 per cent. Including dutiable and free goods the average rate of duty in 1896 was 19.129 per cent.; 1908 it was 16.48 per cent. For the fiscal year of 1908-9 which closed a few days ago, it has not been possible to close up the accounts. The revenue of the year was affected by a world wide stringency. As received up to April 10, the revenue was $84,352,000.

"My estimate," said Mr. Fielding, "is that the complete revenue will be $84,500,000; eleven and a half million less than the previous year, or a shrinkage of twelve per cent. In the face of such a falling off in revenue a considerable deficit would not have been surprising but my fears are not to be realized, and I estimate a surplus of $1,500,000 on consolidated revenue account. The expenditure up to April 10 has been $72,939,000, and I estimate the total expenditure will be $83,000,000, which will leave a surplus of $1,500,000 of capital and special expenditure.

Expenses of Year Closed

"We estimate that it will take $25 000,000 for the N.T.R. during the past year; taking over Quebec bridge adds $6,240,000; other special charges of $17,300,000, bring the aggregate to $49,000,000. Deducting from this a surplus and a sinking fund of $1,675,000; there should be a balance of $46-629,000 to be added to the debt. This is a very large increase, but it is to be noted that $32,000,000 of that amount is accounted for by the N.T.R., and the Quebec bridge, which is to be deemed hereafter a part of the N.T.R.

"I freely say that we might have avoided this addition to the public debt by refraining from construction of the eastern division of the N. T. R. Especially it has been said that we might have refrained from the building of the Moncton section. Now whatever may be said by people living in more remote districts who are not familiar with the needs of that line there was no portion of the N. T.R. which was so unanimously demanded by the people particularly connected with it. The people of the Maritime provinces without regard to party, were practically unanimous in demanding that if Canada was to engage in another transcontinental railway they should have connection with it by some line better suited for a transcontinental service than the old I.C.R.

Example of Predecessors

"We might have avoided this addition to the public debt by following the examply of our predecessors in aiding the C.P.R., and considering only the land grant, I venture to say that if we had been willing to give the G.T.P. twenty-five million acres of land in the west we could have devised a scheme which would not have added a dollar to the debt.

"I have no desire now to criticize the Conservative policy in connection with the C.P.R., but it is simply proof to say that the policy caused widespread dissatisfaction in the western country, and if it had been proposed to again adopt that policy, it would not have commended itself to the judgment of this house er to the country.

"But we were of opinion that our true course was to build the eastern division as a government work, to face the responsibility it would bring on us for a short time. We had faith that it would become, as it will at an early period in its history, an interest bearing asset which will practically wipe out the debt which its cost represents. So we say that while a few shortsighted people, well intentioned, no doubt, might say that we should not have incurred this debt, I am sure that the sounder judgment of the country will say we did well to face the financial responsibilities which is involved by these divisions of the public debt.

Trade Unfavorable.

"Our trade statistics for the past year will necessarily be unfavorable but they will not be more unfavorable than the statistics of other countries. The year 1907 was only a partial year, a period of nine months and therefore it is impossible for us to make a comparison. The total trade for the fiscal year of 1908 reached a very high figure, being one hundred million more than in 1906.

"In 1906 our exports amounted to $256,586,630 and in July 1908 they had increased to $280,006,600. Imports in 1906 amounted to $370,786,625. Our total trade in 1906 was $550,872,000, and in 1908 it was $660,793,000.

"Now, for the fiscal year 1909, we have no final returns, but from the best information we can obtain, our exports have fallen slightly, but there is a considerable decline in imports. In this respect we are able to make a very satisfactory comparison with the United States. The decline in imports for the year has been about the same in both countries, but taking the figures for the calendar year the exports of Canada have decreased only to a small extent, whereas the exports of the United States decreased very largely.

Expects Increased Revenue

"Coming now to the fiscal year which lies before us, the year 1909-10, it is only fair to assume that with abundant resources and a widely recognized energy of the Canadian people we shall be speedily able to overtake the decline of the past year It is only reasonable to suppose that the conditions of the past year were due to special circumstances and that these will be sufficiently ameliorated, during the current year to enable us to receive a very considerable increase in revenue. I do not think we would be justified in expecting to reach the very high revenue of 1907-8, but we do think the revenue of 1909-10 will considerable exceed that of the past year.

"The year just closed we are estimating to give a revenue of eighty-four and a half million dollars. For the present year, we anticipate we shall realize a reasonable percentage over that, but we do not anticipate to reach the revenue of 1907-8 which was ninety-six million. It will undoubtedly take us another year to overtake that. We do think that the turn of the tide has come and that from this out the revenue will steadily increase.

No Increase of Taxation.

"With this condition of revenue and with very many heavy demands being made upon us it would be almost unavoidable that we should meet difficulties by an increase of taxation. In some other countries that seems to be the remedy for the financial conditions which have arisen there. In our judgment, however, there is no need of increased taxation. We think the truer and sounder method is to meet the situation by a substantial reduction in our expenditures and that is the method we have adopted.'

Mr. Fielding submitted figures showing a reduction of $9,324,243 in the estimates on consolidated fund, expenditure for 1909-10 as compared with appropriations for the previous year. On capital account there would be a reduction of $13,347,215 making the total reduction $22,581,458.

"There are," he continued demands for public works all over the country and many great works are projected in both railways and canals, but while these are important and in some cases will have to be taken up at a later date, it is much more important that in the present condition of affairs we should await an improved financial condition. We think our aim should be to provide during the present year out of our revenue for all ordinary expenditure and for a considerable part of our capital expenditure, if not for all, probably for all except expenditure on account of the National Transcontinental.

Long History of Surpluses

"It has been our good fortune to present an uninterrupted series of surpluses for a long period of years. For the first year of this government there was a deficit of $519,981, but if that was deducted we find that for twelve and three-quarter years we have had a total surplus of $8,983,459."

Mr. Fielding said he regretted a disposition on the part of a section of the press to create a new standard in discussing surpluses and deficits. One Conservative paper set forth in flaming headlines a statement that in the public accounts for the year there was a deficit of thirty millions with more to come. He had seen similar statements in other papers but he submitted that was not a candid way of dealing with the public accounts. The words "surplus" and "deficit" had a meaning which had existed since the beginning of confederation. From Sir John Rose, the first, to Hon. Geo. E. Foster the last Conservative finance minister, the present method had been followed of separating the capital and revenue expenditure.

Systems of Other Countries

Mr. Borden asked whether that system prevailed in other countries, and whether this was not a suitable time to conform to the practice when Canada had been enjoying a superabundance of revenue.

Mr. Fielding—I think we are more concerned with what has been the established practice in Canada than with what has been the established practice of other countries, the conditions of which may be utterly unlike those of Canada. I think there are reasons why the practice in England would not be sound practice in Canada. I think a country which has to engage in large operations, which needs to borrow money in order to develop its resources, must establish different conditions from that in an old settled country which has had hundreds of years of experience.

Mr. Borden—What is the practice in Australia and New Zealand?

Mr. Fielding said he was not aware but he did not think it was important.

Mr. Borden—They are like our, are they not.

Mr. Fielding—I do not admit that they are entirely like ours. Meantime I am chiefly concerned in showing the unfairness of my Conservative friends in applying to finances of the present time a test which they never applied to the finances when their own friends were in power.

"Had this test been applied to the surplus of $1,638,821 declared by Sir Leonard Tilley in 1873 it would have shown a deficit of $17,661,000. Under this test the surplus of $1,865,035 declared by Mr. Foster in 1889 would have been a deficit of $2,998,000.

Capital and Special Outlay

A very interesting feature of the expenditures in recent years has been the large amount of money applied to expenditures upon capital or special service with a very moderate addition to the public debt. The total capital and special outlay for the past twelve years amounted to $212,449,526.

"But what is the fact? While we have in 12¾ years spent $212,449,000 on capital and special charges, we have added to the public debt only $65,500,000. We have provided sixty-nine per cent. of that class of expenditure out of ordinary revenue. I venture to say that in no previous period in the history of Canada was there ever such a large sum spent on capital and special account with so small an addition to the public debt.

"We have had during recent years very large borrowing operations. There are several causes for this, old loans maturing, the N.T.R. taking over the Quebec bridge, considerable withdrawals from the government savings bank, a considerable loan to the Montreal harbor commission, cost of seed grain distribution, and heavy falling off in our revenue.

Went to Money Market

"The consequence of all these demands was that we needed to go to the money market more frequently than usual. Since the last budget speech we borrowed in June, 1908, £5,000,000 at 3¾ per cent., repayable in 1912; in October £5,000,000 at 3½ per cent. repayable in 1950; in January 1909, £6,000,000 at 3¾ per cent issued at 99¾, repayable in 1919.

"This last loan was the largest colonial loan ever placed on the London market. As is not unusual, it was at first only partly taken by the public. Forty-one per cent. was taken by the public and the balance for the moment remained in the hands of the underwriters. That loan now stands at a premium of nearly 3½ per cent. so that if it was not immediately taken by the public it does not say anything against the credit of the Dominion. A 3½ per cent. loan may now be regarded as our standard security.

Made it Short Loan

"Many years ago we issued one at 2½ per cent. and then at 3. With improving conditions we may come to the 3 per cent rate again, but meantime we must be content with the 3½ per cent securities on a good basis in London. It would have been difficult to place another 3½ per cent loan on the market and we decided therefore to issue this loan at a rate of 3¾ per cent. and make it a short loan for a period of ten years with the option of redeeming it after five years. The loan will thus fall due at a time when we will not be embarrassed by other loans maturing.

"Then we thought it desirable that we should meet a class of small investors in England. Hon. gentlemen will know that a large part of the French national debt is held by the French people who buy the bonds in small sums. It was suggested that an effort should be made to reach the same class in England. We did not expect to get any larger sum of money but I thought it desirable to interest the thousands of small investors in England in the affairs of Canada, so we issued this new plan in bonds as low as ten pounds each.

Compliment from Chancellor

"The British chancellor of the exchequer did us the great honor and great compliment of approving of the project and in order to show his approval he publicly subscribed for one of those modest ten pound shares in order to set a good example to the moderate class in England, and I wish here to thank Mr. Lloyd-George for that evidence of his good will to Canada."

Mr. Fielding said the expenses of these loans were fair and reasonable and the charges were the same as in former years except that in one case there is a new charge of one per cent for underwriting. No foreign government, he said, got its loan in London without indemnity.

The minister condemned "erroneous statements which tended to depreciate the credit of the Dominion."

Securities Varied Greatly

He denied that because money was borrowed at 2½ per cent. in 1897 and now costs 4 per cent. the credit of Canada was not so good. Long term loans, he claimed, should get the best terms besides money was a commodity which rose and fell with the fluctuations of the market. Mr. Fielding gave instances of high class British securities which had varied greatly.

Touching upon the public debt again, Mr. Fielding said that while the addition of $46,000,000 this year to the public debt, it would now be $323,960,000. This was a net increase since 1896 of $65,463,427 or an average of $5,134,386 per year. Deducting fifty-two and a half millions for the National Transcontinental railway there was an annual increase of $1,010,925.

Turning to a comparison of the figures of the debt with the population the finance minister said that in 1896 the public debt of Canada was $50.82 per head, and in 1909 it was $45.72 per head. The latter figure was reckoned on a basis of over seven million inhabitants. As to the net interest, in 1896 the net interest paid on loans was $9,132,420 or $1.79 per head. In 1909 it was $9,467,920 or $1.33 per head. Regarding savings bank deposits Mr. Fielding held that convenience and security were more looked to than the rate of interest.

Beet Sugar Regulations.

Mr. Fielding announced that the regulations governing the importantion of beet sugar would be continued for three years longer and then for two years further on a reduced scale. At present beet sugar manufacturers are allowed to import two tons of foreign beet sugar for every ton they manufacture from Canadian beet.

Canadian manufacturers had complained that at times they were not able to obtain a sufficient quantity of British grown sugar. This was in part due, they said, to a combination among the planters in the West Indies, whereby the Canadian refiners were not able to buy on the same terms as the British refiners. He proposed to allow refiners the privilege of importing one-fifth in weight of the quantity of refined sugar which they produced in their factories. An inquiry was to be held into the charge laid of a combine and a Canadian representative would probably be upon the board.

Mr. Fielding concluded by saying that further than this no tariff changes would be made.

FOSTER'S REPLY

Mr. Foster in his opening remarks, said the bounties should have been charges to consolidated fund expenditure as the Conservatives had done, in which case a deficit have been shown. He claims that the accounts had been juggled and falsified. He remarked that it was particularly rich to hear from Mr. Fielding that the main objection of the government to giving land to the N.T.R. instead of cash was that the policy of his government was "the land for the settler" in view of the fact that from 1896 to 1907 they had been getting rid of the land as fast as possible, but not to the settler at first hand.

Critizing Mr. Fielding's forecast for 1909-10 in which he said that he hoped that there would be a considerable increase in the revenue, Mr. Foster said the finance minister did not hazard a word as to the expenditure. He blamed the finance minister severely for the huge addition to the public debt. In 1907 when he knew the stress was already on and when the banks had prepared themselves, the minister had on the other hand prepared his most lavish expenditures. He had made no provision when he saw the storm bursting. Why? Was it because the government lacked sound business principles, or was it because they were preparing for a general election?

Open to Condemnation

They had imperilled the credit of this country for the sake of party and were open to the strongest condemnation. Mr. Foster commented upon Mr. Fielding's appeal to the members for self-sacrifice in order to lessen the expenditure. The finance minister, he said, had asked the back benches to be self-sacrificing, but what about himself?

Would he take the record of Shelbourne and Queens with its lavish expenditures on all sorts of imaginable things in the teeth of the storm and compare it with the expenditure in other constituencies. The credit of this country would have been far greater maintained, and the minister would have met with a far better reception in Great Britain and he would have paid less to the underwriters if out of the surpluses of the past few years he had made provision for the hard days.

Credit Strained.

"Under his management the credit of Canada has been strained," he said. Turning to the system of bookkeeping Mr. Foster claimed that it was a bad one.

Sir Wilfrid Laurier suggested that he had repented.

Mr. Foster—My right hon. friend would do very well sometimes if he would only repent. However, Mr. Foster thought the premier's remark was simply a pleasantry without very much point to it.

"The vital point of the financial situation," said Mr. Foster, "the minister of finance had nothing to say about. The chief point was what was taken from the citizen of the country for all purposes. In 1896 it was $5.46 per head, whereas last year it was $11 per head. Regarding the tariff changes Mr. Foster said they seemed to be reasonable but unimportant.

No New Markets

"Discussing the blance of trade, Mr. Foster pointed out that while there was a balance of thirty-nine million in favor of Canada in the trade with Great Britain, there was a balance of $118,000,000 against Canada in the trade with the United States, with France over $8,000,000 against Canada, and with Japan one and a half millions against Canada. Altogether there was a total of one hundred million against Canada in the balance of trade. Mr. Foster said that no new markets had been opened for Canada in any single foreign country. Of France, he noted, Mr. Fielding had said nothing. He and Mr. Brodeur had paid the penalty of the failure of their diplomacy and did not tell the farmers of Canada that there was no market in France for their fat cattle.

"The fact that the U.S. tariff was being revised had not been mentioned by Mr. Fielding yet a clause was being considered to enact that countries which did not give the United States favorable entry into their markets would be put on the maximum list. Mr. Foster made a strong appeal for the development of trade within the empire, for the time was at hand, he said, when Great Britain was going to change her fiscal policy.

A Champion Taxer

Mr. Foster said that the finance minister had boasted of his $118,000,000 of surpluses since 1896. If he really had these he would have kept off the borrowing market. All the time he was vaunting of surpluses he put 34 temporary loans on the market, in all $94,226,388 at a cost of $1,834,249. Never in the history of Canada had such heavy commissions been paid as now. Heavier charges were made than were made against the Conservative government. The worst feature was that three of the loans were for only four years, yet the brokerage and underwriting were just as heavy as for fifty year loans, and they would have to be renewed at the same charges. There were indications of the strained credit of Canada in Great Britain today. Laxness and want of foresight, recklessness and useless expenditure had put Canada into this position. Mr. Fielding he said, was the champion taxer of Canada.

Paul Acoose, the champion runner of Saskatchewan, will enter the ranks of professionals and will very shortly run against Fred Appleby.

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SHADOWS AT ROULEAU

Colored Gent Has Many Troubles—Falls Into the Hands of a Citizen's Committee—Finally Sells His Property and Skidoos.

A meeting of several of the prominent citizens of the town was held in the office of J. T. How Land Co., on Thursday afternoon the 15th inst., the business discussed being the mode of living of one Wm. Jones, a negro, with a German woman, not being married to her. The circumstances of the case are: Jones came to Rouleau some five years ago, and filed on a homestead about 12 miles south of town, he also opened a barber shop in town at the same time, working at his trade during the day and doing his homestead duties at night. At the same time Mrs. Neiman filed on a homestead and they became acquainted. Jones was not a faithful homesteader and had to be ordered back on his land several times, or it would have been cencelled by parties who were only too anxious to do so, it being one of the best in the district, meanwhile he became very intimate with the grass widow, in fact the two were living together as man and wife and continued to do so until the end of the tale. Two children were born to the couple in the three years, and although complaints were made on several occasions when they moved into town for the winter, nothing ever came of it and they continued to live together. He completed his duties on the land last year and got his patent as did also the widow and they moved to town to live, when the most strenuous objection was made, hence the meeting. Jones was present and was told that he either would have to stop living with the woman or leave town, and he suggested marrying her, which idea was looked upon favorably for a time until it was pointed out that this would be bigomy, as the woman's husband was not known to be dead and had not yet been absent the required seven years, he told the gathering that he had them bluffed, and it certainly looked as though he had, as all the local copies of the criminal code contained nothing under which he could be prosecuted, and no one knew that there had been amendments to the act which made his case a criminal one, and liable to prosecution until a trip had been made to Regina where it was found that such was the case, and on Monday a warrant was issued for his arrest on a charge of unlawfully frequenting a bawdy-house kept by one Mrs. Neiman, (all this after having lived with the woman for three year) The summons was for ten o'clock on Monday morning and he appeared in court at that time but asked for an adjournment to procure witnesses and advice which was granted till eight o'clock that evening, two citizens going bail for him. He did not appear at that time, his bailees being given until 10 o'clock Tuesday morning to produce their man. He came home that morning and was promptly locked up, the trial being called for 4 in the afternoon, when he was taken before Magistrates Sissons and Cornwall to answer the charge and also give his reasons for not being present the night before. He pleaded guilty to the charge and gave as his reason for not being in court that he had got lost on the prairie. The magistrates sentenced him to six month in Regina jail with hard labor, and sentence was suspended on his leaving town not later than Wednesday night at 9.38, and paying the costs of the court amounting to $27.

Jones had been previously charged with perjury, in a case of supplying liquor to interdicted persons in town, and remanded to Regina jail to await the assizes and been bailed out by a couple of citizens, he escheated his bail of $1,000 at the first assizes but it was fixed up and he is to appear at Regina on the 26th of May, for this they took a mortgage on his homestead amounting to $1,800, the balance of which went to pay his debts. He also owned the property where his barber shop was situated. P. Daniels and J. A. Frost of New Warren purchased both the homestead and this property taking over the mortgage on it on Tuesday, and on Wednesday night Jones left for parts unknown as arranged.—Rouleau Enterprise.

Special Notice.

BETTER THAN SPANKING.

Spanking does not cure children of bed-wetting. There is a constitutional cause for this trouble. Mrs. M. Summers, Box 53 Windsor, Ont., will send free to any mother her successful home treatment, with full instructions. Send no money, but write her to-day if your children trouble you in this way. Don't blame the child, the chances are it can't help it. This treatment also cures adults and aged people troubled with urine difficulties by day or night.

Civil Service Examinations.

A general competitive examination under the direction of the civil service commission of Canada, will be held on Tuesday 25th day of May and following days, at Halifax, Charlottetown, Yarmouth, St. John, Fredericton, Moncton, Quebec, Montreal, Ottawa, Kingston, Hamilton, Toronto, London, Sault. St. Marie, Port Arthur, Winnipeg, Regina, Saskatoon, Calgary, Edmonton, Nelson, Vancouver and Victoria. Such examinations shall have reference to the following positions in the inside Division of the civil service to be filled during the period from 1st July to 31 December 1909, viz.:

60 clerkships in Subdivision B of the Third Division.

35 clerkships (males) in Subdivision B of the Second Division.

35 temporary clerks in Subdivision B of Third Division required for service from time to time during the period indicated.

A general examination for positions as messenger, porter, packer or sorter will be held at the same time and places.

Persons desiring to present themselves for any of the above examinations may obtain all necessary information and copies of the rules and regulations from the secretary of the commission either on personal application or by writing.

Applications from intending candidates must be filed on or before the 8th day of May next.

PATRIOTIC OUTLOOK

Outlook, Sask., April 22.—At a meeting of the council of the board of trade, a motion was brought up by Dr. Redden, seconded by W. R. Learnmoueh, manager of the Union Bank, that Outlook donate $1,000 toward a Dominion Dreadnaught fund. The motion was referred to the next meeting for discussion.