

THE GOVERNMENT AS BANKER

The Government met these objections in part by over-ruling the Auditor and in part by extending the time of delivery.

The effect of this arrangement was that the Government was practically financing, free of interest charge, the whole business of the contractor, by making advances running from a quarter of a million to half a million dollars, at a time when the Finance Minister was borrowing money at four and a half per cent and paying up to 6 per cent on his overdrafts.

The total cost of the 62,000 rifles will be approximately as follows.

62,000 rifles at \$25 each.....	\$1,550,000
Paid for replacing sights.....	15,000
Paid Company for gauges for Mark I....	26,237
Four years' interest on average advances of \$350,000 at 4 p.c.....	56,000

Total..... \$1,647,237

Cost of 62,000 Lee-Enfield at \$15.75 would have been \$976,500.

Excess cost of the Ross Rifle, \$670,737.

THE INTERCOLONIAL RAILWAY.

For 11 years the Liberals have been managing the I.C.R.

They were, when in opposition, loud in their denunciation of the deficits, the patronage, the burden of that road.

Canada, they say, has gone from prosperity to prosperity under their administration. Has this Railway shared in the prosperity? It is impossible that it should not. All the other railways have showed results in greatly increased earnings and increased surplus. The Canadian Pacific has gone from a 5 per cent to a 7 per cent basis and over and above these large distributions of profit is accumulating large surpluses and perfecting its system.

In the United States the railroads have had a period of wonderful profit-making.

They extended at large cost the road from Quebec to Montreal and promised large profits therefrom.

Under a business Government we should therefore, expect to see greatly increased profits. What then do we find? Study the annexed table and see for yourself.

YEAR	Working Expenses	Gross Earnings	Net Deficit
1893-96.....	\$11,976,720	\$11,951,360	\$ 25,364
1897.....	2,925,908	2,806,028	59,940
1898-1903.....	28,666,378	28,376,018	290,360
1904.....	7,239,982	6,339,231	900,751
1905.....	8,508,826	6,783,523	1,725,303
1906.....	7,581,914	7,643,829	61,915 surplus
10 years 1887-1896.....	32,170,000	29,497,000	2,672,000 deficit
10 years 1897-1906.....	54,923,000	52,006,000	2,915,000 "
Capital Expenditure.....	1887-1896 \$3,815,266	1897-1906 \$23,369,700	

From the above table we see that for the four years 1893-96 under Conservatives the net deficit was only \$25,354, or \$6,438 yearly.

From 1897 to 1906, under Liberal management, though the earnings were much more, the net deficit under Mr. Blair and Mr. Emmerson amounted to \$2,914,439, or \$291,444 yearly.

From 1887 to 1896 the Conservatives managed the road with a deficit of \$2,672,000 while from 1897 to 1906 the Liberals had a deficit of \$2,915,000 and it must be remembered that 1892 to 1895 were lean years.

Then bear in mind that during the former 10 years the Conservatives spent only \$3,800,000 on

capital account, whilst during the latter 10 years the Liberals drew on capital account for the enormous sum of \$23,400,000!

If they had not drawn thus largely on Capital their deficit would have been over \$26,000,000! What reason is there for this sad condition? Inefficiency—political patronage—overcrowding—reckless extravagance and lack of business management. To quote the words of Sir Wilfrid:—

"The system is vicious, and so long as the Intercolonial is managed on the present system you will never have anything but deficits." (Sir Wilfrid Laurier at Toronto, Oct. 14, 1904.)

MORE TO FOLLOW.

And now comes a possible new outlay. It is proposed to dedicate the Heights of Abraham as a National park, and probably this factory will be removed from the grounds, where it should never have been placed. The Government ordered the factory to be built on these heights for party reasons, and the people will have to pay for its removal. Mr. Wallace Nesbitt, K.C., as counsel for Mr. Charles Ross, stated that the factory and machinery had involved great expenditure, including the cost of cutting trenches through the rock to establish a system of water works, and that the building and plant were insured for \$1,250,000. The public can form some opinion of what the cost will be to remove these works and pay the contractor the damages for compulsory taking.

Whatever the price may be it must be added to the cost of this extraordinary contract, which in the end is pretty sure to involve the payment of at least double price for all the rifles included in the orders so far given.