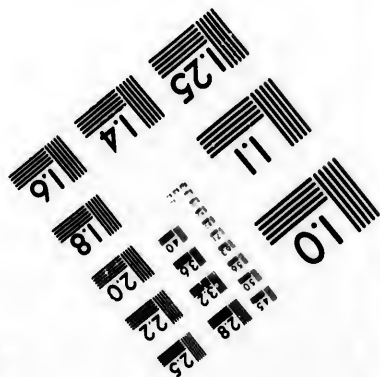
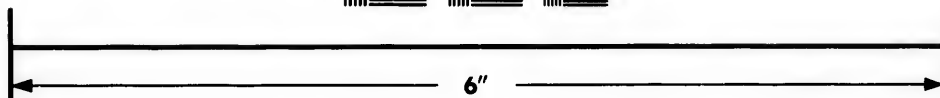
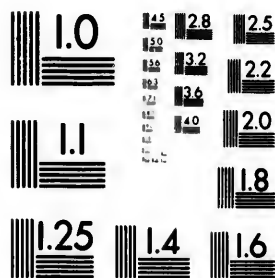


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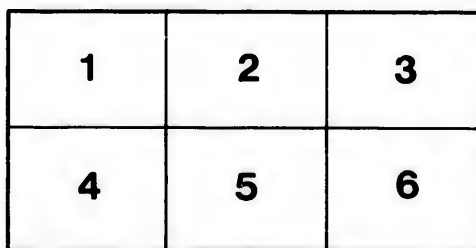
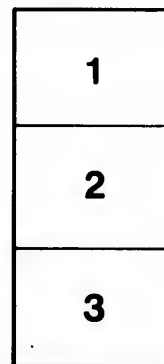
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# LETTER

SHOWING THE

## Decrease in the Controllable Public Expenditure

UNDER THE PRESENT ADMINISTRATION,

*AND COMMENTING UPON THE SPEECH OF THE HON. EDWARD BLAKE  
TO THE YOUNG MEN'S REFORM CLUB OF MONTREAL,*

ADDRESSED BY

THE HON. D. L. MACPHERSON,

*SENATOR OF CANADA,*

TO

GEORGE JACKSON, ESQ., M.P.,

*FOR THE SOUTH RIDING OF THE COUNTY OF GREY.*

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"Economy is itself a great Income."

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TORONTO:

WILLIAMS, SLEETH & MACMILLAN, PRINTERS, 124 BAY STREET.

1881.

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**LETTER**  
SHOWING THE  
**DECREASE IN THE CONTROLLABLE PUBLIC EXPENDITURE**  
UNDER THE PRESENT ADMINISTRATION,  
*AND COMMENTING UPON THE SPEECH OF THE HON. EDWARD BLAKE  
TO THE YOUNG MEN'S REFORM CLUB OF MONTREAL.*

---

GEORGE JACKSON, ESQ., M.P.,  
*South Riding of Grey, Durham, Ont.*

MY DEAR SIR,

RECALLING your conversations with me before the close of last session upon the subject of the Public Expenditure, and seeing that it is being referred to by leading members of the Opposition and by their organs in the Press in a manner that is calculated to mislead the people, by conveying an exaggerated impression of the amount of the controllable portion of the expenditure, I have extracted the facts from the Public Accounts. I have embodied these facts in tabulated form in this letter, which you are at liberty to publish, and which I address to you as the Representative in the House of Commons of a portion of the *ci-devant* Saugeen division, which I had the honor to represent in the Legislative Council of United Canada.

I observe that the majority of Opposition speakers and writers, while professing to discuss the expenditure, confine their criticism to the estimates that were recently submitted to Parliament.

Their strictures are not upon the expenditure, but upon sums which have not yet been expended; and they are, therefore, worthless, except as injunctions to the Government to observe economy,—a virtue that the leaders of the Opposition when in office certainly did not practice.

I apprehend the “mixing and muddling” of estimates and expenditure are indulged in by some of our critics for the purpose of perplexing and deceiving those who are not experienced in distinguishing between the two.



For the information of such as are not familiar with them and with the implied condition on which Parliament votes the supplies for carrying on the affairs of the country, I may explain that the estimates are the sums which the Government assumes will be required for the various branches of the public service during the financial year beginning on the 1st July succeeding the session in which they are voted. They are laid before the House of Commons in detail by the Minister of Finance.

The amounts which Parliament thus sees fit to vote and place at the disposal of the Government are embodied in an Act, but it does not follow that the whole will be expended. It is the duty of Ministers constantly to exercise the strictest economy compatible with efficiency in the public service; and in expending the money placed in their hands each session for the service of the ensuing financial year, they must be governed in some measure by the state of the country—its prosperity or otherwise, the harvest, the condition of its many industries and of the Revenue.

It will thus be seen that comparisons based on Estimates, or partly on Estimates and partly on Expenditure, are valueless, and to those who confound the one with the other must be altogether misleading.

The only comparisons that are accurate are those of the ascertained expenditure of one year with that of another as detailed in the Public Accounts; and to judge of the economy and capacity of Administrations, it is necessary to confine the comparisons to the portion of the expenditure that is, more or less, within the control of the Executive.

When in past years I compared the expenditure of Mr. Mackenzie's Government with that of his predecessor, Sir John Macdonald, and exposed and reprobated what I considered its needless and extravagant increase by gentlemen whose political battle-cry had always been "Economy and Retrenchment!"—I say, when I compared their expenditure with that of their predecessors, I eliminated from the gross amount the charges for Interest, Sinking Fund, and other items connected with the public debt, and dealt only with the controllable portion.

To make comparisons on which to judge Administrations fairly, the items of fixed outlay, such as Subsidies to Provinces, should be deducted, as they are beyond the control of the Government. The outlay in the North-West Territories should also be separated from that of the Dominion proper. When all this is done, the public accounts are simple to all who understand the first four rules of arithmetic; and the people can readily distinguish prudent and economical administrators from those who are reckless and wasteful. The following table, formulated on the above plan, shows the annual expenditure for seven years from 1st July, 1873, to 30th June, 1880, the first of these being the year of Mr. Mackenzie's advent to power, and the last of them the first complete year under Sir John Macdonald, after his return to power in October, 1878, and the last for which we have the Public Accounts :

# AS PER PUBLIC ACCOUNTS.

	1873-74.	1874-75.	1875-76.	1876-77.	1877-78.	1878-79.	1879-80.
Charges for Debt, Interest, Sinking Fund, &c.	\$ 6,503,041	\$ 7,373,765	\$ 7,432,004	\$ 7,833,476	\$ 8,186,716	\$ 8,509,878	\$ 9,228,821
Subsidies to Provinces.....	3,752,757	3,750,961	3,690,355	3,655,850	3,472,808	3,442,764	3,430,846
Charges for Debt and Subsidies to Provs..	\$10,255,798	\$11,124,726	\$11,122,359	\$11,489,327	\$11,659,523	\$11,952,642	\$12,659,667
Ordinary Expenditure.....	8,324,076	7,868,690	8,590,774	6,835,078	6,542,510	6,941,577	6,963,853
Charges on Revenue,.....	4,736,442	4,719,655	4,796,238	5,194,896	5,301,124	5,561,162	5,227,114
Total Expenditure.....	\$23,316,316	\$23,713,071	\$24,488,372	\$23,519,301	\$23,503,158	\$24,455,381	\$24,850,634
Deduct Charges for Debt and Subsidies to Provinces.....	10,255,798	11,124,726	11,122,359	11,489,326	11,659,523	11,952,642	12,659,667
Expenditure more or less Controllable....	\$13,060,518	\$12,588,345	\$13,366,012	\$12,029,974	\$11,843,634	\$12,502,739	\$12,190,966
Deduct Expenditure for Nor-West Territories	931,984	994,976	1,158,110	774,835	898,994	925,923	1,175,169
Controllable Expenditure Dominion proper Do.	\$12,128,534 11,015,797	\$11,593,369 11,015,797	\$12,207,902 11,015,797	\$11,255,139 11,015,797	\$10,944,640 11,015,797	\$11,576,816 11,015,797	\$11,015,797 .....
Decrease in Controllable Expenditure for 1879-80, as compared with 1873-74....	\$1,112,737						
Do. 1879-80, as compared with 1874-75.....		\$577,572					
Do. 1879-80, as compared with 1875-76.....			\$1,192,105				
Do. 1879-80, as compared with 1876-77.....				\$239,342			
Do. 1879-80, as compared with 1878-79.....						\$561,019	

NOTE.—The Controllable Expenditure was \$71,157 less in 1877-78 than in 1879-80.

It is thus made plain that the Controllable Expenditure for 1879-80, amounting to \$11,015,797, was less than it had been for five of the six preceding financial years, being—

\$1,112,737	less than for	1873-74
577,572	" "	1874-75
1,192,105	" "	1875-76
239,342	" "	1876-77
561,019	" "	1878-79

The year 1877-78 shows a decrease of \$71,157 as compared with 1879-80. These results rest on data that are given in the Public Accounts and can be easily verified.

I challenge the Opposition to disprove the correctness of any one of them.

Their Orators, both in and out of Parliament, who with great unfairness, I might say with great dishonesty, carefully abstain, when instituting comparisons, from separating what is controllable from what is not, must be conscious that they have been detected in misrepresenting the expenditure of the present Government, and they should feel mortified and humbled when they scan the table that proves that the controllable expenditure for 1879-80 was \$1,192,105 less than for Mr. Mackenzie's second complete year in office, 1875-76, and was less than for any year of his Administration, notwithstanding the annual recurrence then of heavy deficits, except in 1877-78, when, owing to the exposure of his extravagance in the Senate and being on the eve of the General Election, he temporarily retrenched, in the expectation doubtless of a renewed five years' lease of power and of a continuance of reckless expenditure during the term. In 1877-78 the expenditure for Militia and Defence and for Public Works paid for out of income was reduced below that of 1875-76 by no less a sum than \$1,310,741, but such was the extravagance in other departments that the controllable expenditure for 1877-78, as I have already shewn, was only \$72,213 less than that for 1879-80. The pretended retrenchment of 1877-78 could only have been intended as a political subterfuge.

It was, however, too late. The people had lost faith in the falsely-styled Reform party. They had raised the leaders of that party to power to enable them to fulfil their pledges of economy and retrenchment, but instead of doing so, those leaders had run up the controllable expenditure to the highest figure it has reached since Confederation.

The decrease of the gross controllable expenditure is not, however, the only gratifying, nor even the most gratifying fact that is disclosed by an examination of the Public Accounts, and the more closely they are examined, the more abundant will be the evidence of careful administration by the present Government.

I shall not extend this letter by dwelling on minor proofs of this, but will content myself by pointing to what has been accomplished in the Departments of Customs and of Railways and Canals.

In 1875-76 the receipts from Customs Revenue were \$12,823,837, and the cost of collection was \$721,008, being \$5.62 on each \$100. In 1879-80 the receipts from Customs were \$14,071,343, and the cost of collection was \$716,126, being \$5.08 on each \$100. It will thus be seen that the cost of collecting the revenue by this department for 1879-80 was 54 Cents on each \$100 less than in 1875-76, being a comparative saving in favor of 1879-80, the first complete fiscal year of the present Administration, of \$75,983. Not only was there this important proportionate economy achieved, but the actual expenditure of the department was less in 1879-80 than in 1875-76. The average cost of collecting the Customs Revenue for five years to 30th June, 1879, was \$5.36 on each \$100 of revenue.

The accounts of the Railways owned and operated by the Dominion afford striking and gratifying evidence of the growth of our Inter-Provincial trade, and of the economy of management.

The last report of the Auditor-General, Mr. J. Lorn Macdougall, contains the following comparative summary of the Earnings and Working Expenses of the Intercolonial and P. E. Island Railways (operated by the Dominion Government) during the years 1879 and 1880.

N. B.— The C. P. and Windsor Branch Railways are not included, as they were not in operation in 1879. See *Auditor-General's Report, 1880, folio 243.*

RAILWAYS.	EARNINGS.	WORKING EXPENSES.	EXCESS OF EXPENSES OVER EARNINGS.
	1879.	1879.	1879.
Intercolonial Railway.....	\$1,294,099 69	\$2,010,183 22	\$716,083 53
P. E. Island Railway.....	125,855 91	223,313 12	97,457 21
	<u>\$1,419,955 60</u>	<u>\$2,233,496 34</u>	<u>\$813,540 74</u>
RAILWAYS.	EARNINGS.	WORKING EXPENSES.	EXCESS OF EXPENSES OVER EARNINGS.
	1880.	1880.	1880.
Intercolonial Railway.....	\$1,506,298 48	\$1,603,429 71	\$97,131 23
P. E. Island Railway.....	113,851 11	164,640 55	50,789 44
	<u>\$1,620,149 59</u>	<u>\$1,768,070 26</u>	<u>\$147,920 67</u>
Increase of Earnings in 1880.....	<u>\$200,193 99</u>		
Decrease of Working Expenses in 1880. ....		<u>\$465,426 08</u>	
Net Gain in 1880 as compared with 1879 .....			<u>\$665,620 07</u>

Just consider that in 1880, the first year in which the Railways were managed under the policy of the present Government, that the receipts from the Intercolonial and Prince Edward Island Railways exceeded those of the year before by the sum of \$200,193.99, and that, notwithstanding the increased traffic, the operating expenses were reduced \$465,426.08, making, altogether, a difference to the Canadian tax payer of \$665,620.07. Although Mr. Mackenzie retired from office in October, 1878, his mode of Railway management could not be suddenly changed. It took a year, or longer, of unremitting and anxious labor to introduce and perfect the new arrangements for operating the lines. In 1879 the Railways were mainly worked under Mr. Mackenzie's system, while in 1880 that of Sir Charles Tupper was in full operation.

I shall not dilate upon the contrast that is presented in the results, but it may account for the fiendish malignity with which traducers in the Opposition ranks pursue Sir Charles Tupper, even to his sick bed-side.

The interest and other charges for the Public Debt are a heavy and increasing burden.

Between 1873-74 and 1878-79 these items were increased by the sum of \$2,006,837. It is thus made manifest that for Public Debt items alone, Mr. Mackenzie's Administration *permanently increased* the annual public expenditure by the sum of not less than \$2,000,000.

The increase of the Public Debt during the same period, according to the Public Accounts, was \$42,811,202.32,—the increase between 1872-73, and 1877-78, was \$45,213,836.77. The loan of 1878 was actually negotiated by Sir Leonard Tilley, but it was required to meet the obligations incurred by his predecessor, Sir Richard Cartwright, who should have provided for them before the general election. He, however, decided to wait until after that event, doubtless expecting that he would be enabled to present himself in the money market with a renewed mandate from the people. To meet the requirements of the Government for the time being, he had recourse to borrowing for short periods from London Bankers and Financial Agents. It was to pay off these liabilities, to prepare for meeting the other maturing obligations of the Government, and generally to place the public finances on a satisfactory footing, that Sir Leonard had to hasten to England immediately after his election, on his appointment as Minister of Finance; and although Sir Richard's neglect to negotiate a loan, when he should have done so, was not unattended with peril to the public credit, yet it was fortunate for the Dominion that the negotiation devolved upon Sir Leonard Tilley, for he disposed of the loan by public competition or tender as he did in 1873.

In the increase of the debt, stated above, (\$42,811,202.32) of course is included the sum of \$1,520,833, that being substantially the portion of the loan of 1876, (\$12,166,666) which Sir Richard Cartwright allowed as discount to the lenders and paid for Brokerage, &c.

While the Dominion did not receive this sum of \$1,520,833, or any



part of it, yet interest, sinking fund, &c., have to be paid thereon, amounting to about \$70,000 a year, till the maturity of the loan in 1906, (the interest alone at 4 per cent. exceeds \$60,000 a year.) To have to pay \$70,000 a year for thirty years for that which the Dominion did not receive does seem a grievous hardship, but Sir Richard maintains, and Mr. Blake and his other colleagues of 1876 also maintain that that loan was advantageous for the Dominion, was, in fact, a model loan. But, in the opinion of men who do not belong to their model school of finance, it was an improvident and mysterious loan—I say mysterious, because it was sold without public competition, on terms which reduced the net proceeds which Canada received to about 87½ Cents on the dollar, and further because Mr. Mackenzie's Administration refused to make public the names of the allottees or beneficiaries.

The amount of \$1,520,833 is the portion which Sir Richard sank in England, of the principal of the loan. Unfortunately it does not represent the whole loss. To it must be added \$1,037,520, which is the value of the yearly payment of interest of \$60,000 for thirty years, when capitalized.

The country's loss by Sir Richard Cartwright's disastrous loan of 1876, it will thus be seen, amounted to the prodigious sum of **\$2,558,353**. Yet Mr. Blake supported and still approves of that transaction!

And what did Mr. Mackenzie's Government show for all the money they had spent? Unfinished canals that ought to have been finished, and fragments of the Canadian Pacific Railway—*dissecta membra*—scattered from the Georgian Bay to the Red River of the North, including the Fort Francis Lock—all of "Reform" planning and engineering. When Mr. Mackenzie, Mr. Blake, and their colleagues came into power, they were quite free to follow the dictates of their own judgment in building the Canadian Pacific Railway, for the country was, at that time, uncommitted to any scheme for its construction. Had they been allowed to remain in office after 1878, I verily believe they would have drifted into pledging the country to build it, throughout its entire length, out of the public exchequer.

Happily for the Dominion, the present Government succeeded to power in time to place the portions that were unbuilt and uncontracted for under contract, and to utilize in paying for constructing those portions and for operating the whole line, 25,000,000 of Acres of Land, which are and will be valueless, until the Railway is built, and they thereby saved \$25,000,000 of cash, and prevented an increase of the annual burdens of at least \$1,120,000 in addition to the loss that may be incurred for a time in operating the Railway.

The leaders of the Opposition are silent touching their mal-administration when in office; and we have to go to the United States to discover the fruits of their arduous labors of the last two sessions. There we find that the agents and runners of Western Railways and land speculators use the speeches of Mr. Blake and others for advertising and puffing the territories of the United States, and disparaging those of Canada.

The *role* the Opposition leaders are playing is unworthy and unpatriotic, and will, doubtless, be appreciated by the people at its true value. They may be prompted to it by chagrin at the collapse of their desperate anti-Syndicate agitation during the Christmas recess, which ended in the most complete *fiasco* recorded in the annals of Canada.

But I have digressed from the subject which I took up my pen to write upon—the controllable Public Expenditure.

While I have proved from the Public Accounts that the financial administration of the present Government has been prudent and economical, I would not have it supposed that I regard all increase of expenditure as extravagant and unwise.

Perhaps there is no country that has benefitted more than Canada has done from a bold but judicious expenditure on public works, undertaken to cheapen the transport of her products from the interior to the sea.

What would Canada be to-day without the Canals and Railways which she has either constructed or subsidized? Neither the Canals nor the Railways yield a direct return upon the Capital invested in them, but the indirect profit reaped by the whole people through the enhanced value of their land and of the fruits of their labour and enterprise in the multiform industries of the Dominion is enormous. So great and marked is the progress of Canada, that last year for the first time the Exports exceeded the Imports.

While the great public Works—the Canals and Railways—have contributed immensely to bring about the happy state of things now existing, they have had invaluable auxiliaries in the minor Works, such as Lighthouses, Harbours, Piers, Breakwaters, and the improvement of navigable Rivers. And now the Submarine Telegraph has been laid to important points on the Gulf of St. Lawrence.

The development of our Commerce demands improvements, and improvements mean expenditure, on the Pacific as well as on the Atlantic, on the Red River, the Assiniboine, the Saskatchewan, and the Fraser, as well as on the St. Lawrence, the St. John, the Ottawa, and the Great Lakes.

Among the most important and anxious duties of conscientious Ministers is the determining which of the many pressing improvements are the most urgently needed, and how many can be undertaken without bearing too heavily upon the taxpayers.

It may be the duty of Governments in times of general prosperity and redundant revenue to enter upon expenditure intended to develop the material resources of the country and to provide suitable buildings in cities and towns which are unprovided with them, for the safe and efficient conduct of public business, which it would be unwise to undertake in times of widespread depression in trade, chronic deficits in revenue and popular despondency.

The people are too intelligent and too confident of the future of the country to tolerate a retrograde or stand-still Administration, and while taxes that may

bear unequally upon them should be adjusted or removed, they do not desire to have given back to them all of the income that may remain over the expenditure of each year. They neither wish it helplessly given back to them nor wrapped in a napkin and buried, but they require that their Ministers for the time being, unswayed by sectionalism or provincialism, shall employ what can be spared from the Revenue where it will best subserve the interests of the whole Dominion.

The expenditure incurred in developing the North West Territories, in civilizing the Indians there, and in constructing the Canadian Pacific Railway, may fairly be regarded simply as an advance or loan from the Dominion. The proceeds of the hundreds of millions of acres of land, the only great area of attractive land remaining unsettled in the world, should recoup the Dominion, principal and interest, two or three times over, to say nothing of the revenue that will flow from that country into the Dominion exchequer.

Before the Opposition Financiers again discuss either the Estimates or the Expenditure of the present Government, they should read the Budget Speeches of Sir Richard Cartwright, to recall the schemes of their party for increasing the expenditure. I wish those speeches could be placed in the hands of every elector of this Dominion. In 1874, when imposing new taxes, Sir Richard said: "The total amount expected to be derived from those new sources of revenue is about \$3,000,000, which is about the amount we require over the \$22,000,000 already estimated for, in order to meet the enormous additional expense which we must expect during the next four or five years."

He also said: "I do not think that any greater increase of the Tariff than we suggest would be wise. I think we have gone to the limit beyond which it would be impossible to pass without resorting to *direct taxation*."

His own words thus prove that he intended to provide for an expenditure of \$25,000,000 a year, and his estimates for that year (1874-75) amounted to \$24,449,000. It seems incredible that Mr. Mackenzie's Administration should have been induced to sanction estimates so extravagant as those which they submitted to Parliament in 1874. Sir Richard Cartwright announced the amount to the House of Commons as follows: "Mr. Chairman, the total sum demanded" (by the Government) "for the services of the year 1874-75 is, as I have stated, \$24,449,000." The amount actually voted by Parliament was \$24,883,000. I have shown that for interest, &c., upon the amount by which he increased the Public Debt, Sir Richard added \$2,000,000 a year permanently to the public expenditure.

The following is an extract from his Budget Speech, delivered on 16th February, 1875: "I think that during those ten years (1874 to 1884) we shall probably borrow from our own people, through the medium of Savings Banks, or receive from miscellaneous sources, about \$1,000,000 annually, amounting in all to \$10,000,000."

In the same Speech he further said: "If the House coincides with me



in the opinion that it will be wise and prudent, with these heavy engagements, to maintain a steady moderate surplus, we shall probably have another \$1,000,000 per annum from that source, amounting to \$10,000,000 more."

From his dream of an annual surplus of \$2,000,000, Sir Richard awakened to discover an annual deficit of nearly that amount, and it may be well for the country that it was so, for, had not his Estimates of Revenue proved altogether fallacious, it is quite obvious now that the expenditure of the Government, of which he was a member, would have been even more recklessly prodigal than it was.

The speech which Mr. Blake delivered to the Young Men's Reform Club of Montreal, being in the nature of a political "pronunciamento," is deserving of more careful perusal than after-dinner speeches usually receive. It contains some passages that I feel bound to notice.

Mr. Blake is evidently amazed and mortified that his efforts against the ratification of the contract with the Syndicate for building the Canadian Pacific Railway bore no fruit beyond reducing by one the number of his usual followers in the House of Commons, and, instead of attributing his failure to the true cause, he insinuated at Montreal that it was due to some adverse "preponderating influence," which he did not define.

The following is an extract from his speech:—

"I do not speak without having weighed my words, when I say that my belief is that there was not merely outside that House but also within its walls, at one time, a preponderance of opinion adverse to that contract. (Hear, hear.) By what means? under what circumstances? By what pressure? I don't accuse any one of baseness; I don't accuse any one of impropriety, but there was a rallying to the support of the Government which deliberately chose to pledge itself to the carrying of that contract. What that preponderating influence may have been it is not for me to state; it is for the country to judge."

While Mr. Blake did not, and dared not charge any of the Ministerial supporters with baseness, he cast at them collectively a sweeping insinuation of infamy—at gentlemen who are unstained by, and incapable of dishonorable conduct. Will the future historian who may have access to the chronicles of the Legislature of Ontario be able to say as much of Mr. Blake?

If the Leader of the Opposition knows of one member of the House of Commons who yielded to improper influences, he ought to name him, and, if he did know of such a case, it is he who would proclaim it with a light heart. But since he does not know of an instance of dishonor, it is altogether unworthy of one occupying his position, insidiously to promulgate a covert, but most foul slander against a body of gentlemen, of whom, probably, no one would be willing to exchange political records with him.

What did those gentlemen do to expose them to the nefarious imputation? They simply refused to be lured by Mr. Blake's disingenuous appeals to follow an odious example and to desert their leader. They preferred, one and all, to adhere to what they considered the path of patriotism. Mr. Blake ought to be aware that, if he charged gentlemen in Parliament with being swayed in the discharge of their highest duties by improper "preponderating influences," he would import into our Legislative Halls the enactment of scenes such as we read of occurring elsewhere, and deplore. He must have meant that the influences he referred to were improper, or he would not have prefaced the insult by saying that "he did not speak without having weighed his words."

If Mr. Blake had meant it to be understood, for instance, that Sir John Macdonald had exerted so "preponderating an influence" in his party that it defied him (Mr. Blake) to break their phalanx, he would have alluded only to the exercise of a legitimate influence, and, therefore, the remark would have been inoffensive and would not have required the pre-weighing of his words; but the declared pre-weighing of words proves that Mr. Blake intended by them to convey a deliberate insult.

Can it be that Mr. Blake's vile insinuations were suggested by reminiscences of experiences in his own political career?

It is quite true that the gentlemen who support the Government in both Houses of Parliament were most anxious that the provisions of so important a contract, as that for building the Canadian Pacific Railway, should be free from all ambiguity and open, as little as possible, to the misrepresentations of the ingenuous, the unscrupulous, and the unpatriotic among their opponents; and, in deference to the wishes of the friends of the Ministry the Syndicate signified that they agreed in the construction which the Government had placed upon the contract, and thus all reasonable objections to it were satisfactorily removed.

These important facts Mr. Blake saw fit to withhold from his audience at Montreal, and thereby committed an act of *suppressio veri* inconsistent with the example of scrupulous candor which might have been expected from one of his position and pretensions, when addressing a society of young Reformers. But, if he had stated the facts, he must have denied himself the gratification of uttering an inuendo, by means of which he tried figuratively to stab his opponents in the back.

Mr. Blake appears prone to reticence under circumstances which would seem to require perfect frankness. A remarkable instance of this occurred in a speech to his then constituents delivered at Teeswater, in the County of Bruce, in 1877. When comparing the expenses of the Department of Justice, at Ottawa, under himself with the same when under Sir John Macdonald, and apparently desiring to prove (what the Public Accounts did not bear out), that his Administration was the more economical of the two, he actually omitted the salaries of Sir John Macdonald and himself, and thus suppressed the fact that his own salary as Minister of Justice was \$7,000 a year, being \$2,000 a

year more than that of Sir John Macdonald as Premier and Minister of Justice from Confederation until within a short time of his retirement in 1873.

Mr. Blake, and others who, like him, set themselves up as political exemplars and leaders, should remember that as the strength of the strongest chain is limited to that of its weakest link, so the character of each individual man for pureness and nobleness does not rise above the level of the basest, meanest propensity that he permits to exercise a preponderating influence over his conduct.

To return to the House of Commons, does Mr. Blake know of an instance in which an important Government measure, when first introduced, received the cordial approval of all those who finally voted for it?

During the times when he himself was only a supporter of Mr. Mackenzie's Administration, as a private member, did he always approve unqualifiedly, when they were first submitted, of Government measures that he ultimately supported? He should remember how frequently and cruelly he played the part of "candid friend," to the great embarrassment of Mr. Mackenzie.

It would not have been surprising if, before they had time to make themselves masters of the contract, some members of the Commons had supposed that it must have contained very objectionable features, when it provoked an oration of six hours from Mr. Blake, and speeches extending over weeks from his lieutenants.

But, when each of his verbose objections to the Contract was in its turn subjected to exhaustive discussion, its hollowness was demonstrated, and Parliament became convinced and the country became satisfied that his great oratorical effort had been only as sounding brass and those of his followers as mere tinkling cymbals.

Early in the debate it seemed as if Mr. Blake's opposition were not so much against the contract as against the Government, and as if he cared little how serious the consequence to the country might be, provided he could score a political triumph for himself. His anticipations were no doubt most sanguine, his labors, measured by time, were prodigious, his failure must have been galling to him, for it was complete and ignominious.

In his Banquet Speech, at Montreal, he dwelt at great length upon the second or political Syndicate, and treated its offer as *bonâ fide*. Mr. Blake should in kindness to the members of that Syndicate drop a veil over it. I am sure that those whose names gave it whatever semblance of respectability it possessed already wish it to be forgotten.

If they were in earnest in desiring to secure a contract, if their movement were not a paltry political manoeuvre, why did they not tender under Mr. Mackenzie's tempting advertisement, which stood for many months unanswered, notwithstanding that it suggested to the contractor far more favorable terms than those granted to the Syndicate? They knew for a long time that the present Government had invited tenders, and was negotiating a contract; why did

they not make known to it their desire to compete? Why did they wait until a contract was concluded, so far as it could be concluded by the Government, and until its terms were published? Was it worthy of prudent business men, without taking time to inform themselves as to the cost of the work, to frame a tender on the contract of other parties, and expect it to be regarded as *bonâ fide*? They must have known that the Government could not deal with it in any way. Did not its origin stamp it as thoroughly spurious? It is very safe, more safe indeed than honorable, to underbid for a work that has been already contracted for.

The offer of the second Syndicate reminds me of an incident that came to my knowledge some years ago. Tenders were invited for continuing a certain service, and a person unconnected with the original contract was desirous to secure the future one, and was very anxious to learn the prices at which the contractor would re-tender. They were not acquainted with each other, although staying at the time at the same hotel. The prototype of the second Syndicate was thus enabled to watch the contractor without exciting his suspicion or notice.

On the morning that the tenders were to be sent in the contractor wrote his offer at the table in the public sitting-room. His rival watched and saw that he turned over his tender and dried the ink on the blotter. As soon as he left the room his rival seized the blotter, and, placing it between himself and the light, he was able to decipher the figures that had been transferred to it. He quickly made out a tender at rates a little lower than those of the contractor and excited the astonishment of experts by exhibiting without having had any previous experience an accurate knowledge of the value of the business. In the case of the second Syndicate the publication of the contract rendered recourse to the blotting paper unnecessary. In other respects the analogy between it and the hero of the blotter is tolerably complete.

At Montreal Mr. Blake declaimed against the increased public expenditure and the increase of the Tariff. But all he said on these topics reflected only on the Government of which he had been a member. The table of expenditure in this letter proves that the increases were incurred by the Mackenzie Administration, and it was to meet those increases that the advance in the Tariff became unavoidable. All this is susceptible of demonstration.

He displayed an inclination to attack the Estimates of last Session, but the chief objection to which he gave expression will be found in the following extract from his speech :

"If we are told that we have ourselves increased the public charges, we answer that, in our opinion, it is not right that the Finance Minister who, in 1878, declared that \$22,500,000 was all the money that would be required for the public services, and that we were censurable because we were spending some \$23,500,000, that he should subsequently come before the people of this country and say in 1881, 'we want \$26,500,000 or \$27,500,000.'"

The above is not only less logical than Mr. Blake's utterances usually are, but it is disingenuous and inaccurate. Sir Leonard Tilley, in a speech at St. John, in 1878, stated that had Sir John Macdonald's Government remained in power, the expenditure in 1873-74 would not have exceeded \$22,500,000 and that that sum should have been sufficient for each of the three following years.

The ascertained expenditure for 1879-80 has fully confirmed the correctness of his statement, the amount thereof being \$24,830,634. If we deduct from this sum the increased payments for interest and sinking fund beyond the average amount for these items in 1873-74 and up to and including 1876-77, the expenditure on the additional mileage of Railways worked by the Government in 1879-80, the grant for the sufferers in Ireland and the outlay for the relief of the Indians of the North-West, it will be found that the expenditure for 1879-80 would be reduced to \$22,500,000.

Where did Mr. Blake find the statement made by the Finance Minister, that warranted him in saying that the Government had asked \$27,500,000 for 1881? He must have known that the sum he named was more than \$1,000,000 in excess of the Estimates for 1881-82; and the whole amount voted by Parliament may not be expended.

When alluding to Estimates, Mr. Blake may have remembered and may have been dismayed by the recollection that the Estimates for 1874-75, which he had supported, amounted to \$24,883,000 and that subsequently to the voting of those Estimates the Government of which he had been either a member or supporter had increased the permanent annual expenditure by the sum of \$2,000,000. He cannot but be fully aware that the expenditure of Mr. Mackenzie's Government was wantonly extravagant. He knows that when that Government succeeded to power they were perfectly free to deal with the Canadian Pacific Railway as they might consider best. No one knows better than Mr. Blake does that the only obligation of this country then existing in respect to that undertaking was that embodied in the Treaty of Union with British Columbia, and he did not regard that Treaty as binding upon Canada. He ostentatiously repudiated it even after it had been entered into anew by his Leader, and it is understood that he made the virtual abandonment of the Railway in British Columbia a condition of his re-entering the Government in 1875. Mr. Blake was wont to flit in and out of the Cabinet—*in*, when it suited his mood or convenience; *out*, when most inconvenient for Mr. Mackenzie, his Chief. But I do not remember ever to have heard it alleged that he had resigned or threatened to resign on account of the extravagance or mal-administration of the Mackenzie Government.

The wastefulness of that Ministry has been so conclusively proved and is so universally known, that it is not only absurdly inconsistent, but positively audacious, in Mr. Blake and its other members to *pose* as economists before the people.

He hinted darkly at some possible scheme of revenue which might take the place of Customs duties. It is impossible to say what chimerical project might not be attempted by Sir Richard Cartwright to destroy the National Policy. When Mr. Blake reached the question of trade he gave rein to his bitter eloquence, and it is no figure of speech to say that, when listening to his words, the thought of his possible accession to power made the hearts of the manufacturers of Montreal sink within them. The following are extracts from his speech. The italics are, of course, mine :—

"I suspect we shall have another Tariff Bill next session, and another Tariff Bill after that, and *then, I hope, in the good time to come*, that we shall have still *another Tariff Bill.*" \* \* \*

"If this Government continues still in its present course for two years to come, at any rate we must contemplate the raising of a very high revenue, and that the revenue must be raised, as it has been, both before and after Confederation, by taxation from the Customs and the Excises. I say further that revenue would have to be raised from the Customs duties imposed upon a great variety of articles." \* \* \*

"There is *no doubt that this would continue until there is some new scheme of raising the revenue propounded*, and that thus there will be a very considerable amount of incidental protection as an essential result from the very condition of things. *You know, I suppose, my sentiments with reference to free-trade and protection.* I have never disguised them, and it is not here, even in this city of Montreal, that I should disguise them for an instant. (Hear, hear). But I am not prepared to allow those who oppose us to distort the state of things or the attitude of the Liberal party on this subject, and I make these *plain statements* of what I believe to be absolute and essential conditions as to the mode of raising the revenue as my contribution to the subject. At the same time I declare to you that it is my opinion, first, that, in the interest of all parties, in the interest of the country as a whole, of all, indeed, but an infinitesimal proportion of the people of this country, there ought to be very considerable modifications of the Tariff. I believe it will be found to be advantageous to those who are engaged in various branches of manufactures throughout this country, that the increases which have been made to the Tariff should be altered, and that it was not advantageous that those increases, coupled with the increases which have been made upon the raw materials of their trades—that *these increases, in the interest of protection, which have resulted from the Tariff, positively are hurtful, and that in many trades the cost of production has been increased, without any corresponding advantage to the persons engaged in the trade.* I believe it will be found that the working of this Tariff has *mischievous results—that very mischievous results*, which I do not intend to attempt to trace to-night, will flow from its operation." \* \*

"Now we have declared in Parliament our opinion that this enormously heavy Tariff ought not to be continued at its present rate; that it ought to be reduced, so as to create something like an equilibrium between the revenue and a reasonable expenditure. We hold, in fact, that the Tariff presses most inequally upon the different sections of the Dominion, and I suppose you will all agree with me that taxation ought, as far as possible, to press equally upon all parts of the country, that the burden ought to be borne equally by all." \*

"There is another principle upon which we are at issue with our adversaries, and upon which we have different opinions, that is as to the effect of the opera-



tions of commerce and of exchange. *We think that a free and voluntary exchange is to the mutual benefit of both parties who effect the exchange, and we believe that that position is established by the mere fact that it is a voluntary exchange, because, if it had not been suitable to both parties it would not have taken place at all.* The very fact, we say, of an exchange indicates to you that, if it be free and voluntary—both parties to that exchange thought that it was to their benefit that the particular exchange should take place—that *is our opinion of commerce.* Our belief is that there is no restriction needed, and that in a fair exchange each party profits by the operation; each pays that which he is willing to give for what he wants, whether it be in the form of goods or in the form of money.” \* \* \*

The success of the National Policy is no longer problematical. The benefits it has conferred upon the whole people are recognized and admitted throughout the Dominion. Yet at Montreal Mr. Blake did not hesitate to threaten that, if he should attain to power, he would shake the whole industrial fabric of the land, the fabric in which every producer from the agriculturalist to the smallest handicraftsman holds a vital stake. This was felt to be so untimely and injudicious that other speakers endeavored to assure the manufacturers and those interested with, and dependent upon them that they had nothing to fear, that the revenue requirements would preserve the Tariff from destruction, and that, if the Reformers should succeed to power, the industries of the country would be quite as safe in their hands as in those of the Conservatives.

Do these gentlemen think that they can hood-wink a body of intelligent men with such insincere promises? Do they believe that prudent men of business will be induced to discard the friends, whose policy has enabled them to create the industries in which their fortunes are now embarked, for men who did all in their power to keep them in the position of hewers of wood and drawers of water to the manufacturers of Europe and the United States?

Is it likely that they will reject those who, like themselves, are the advocates of a Canadian National Policy, for Free Trade Theorists, who, it may be supposed, would look with complacency on the sacrifice of industries, whose destruction would be a condemnation of Protection in every form and degree, and a vindication, as they would allege, of their own policy? Do ship-owners take vessels freighted with the lives and fortunes of themselves and their families out of the charge of skilful pilots and entrust them to professional wreckers, on promises from those wreckers that they will not run them on the rocks? When they do, and not until they do, will I believe that the people of Canada will transfer their confidence from those whose skill as statesmen, and whose undoubted patriotism have contributed to restore prosperity to the land, and whose political fortunes are inseparably interwoven with their own material success, for men like Mr. Blake and Sir Richard Cartwright, who, when in office, declared themselves powerless to serve the Commonwealth, and characterized their own Government as a mere “fly on the wheel.”

In the event of Mr. Blake and his associates ever succeeding to power, I commend for their consideration the following extract from a speech of Erskine's, delivered in Parliament in 1797, when picturing a state of

things such as now actually exists in this country. It ought to cause them to pause before laying a destroying hand on the industries of Canada. Mr. Blake will probably admit that Erskine was a sound Reformer :

“What but mischief can be your object? No sooner are the springs of industry again put in motion—no sooner are the sources of commerce unlocked, and are pouring forth the riches of the country in every direction—no sooner has returning confidence in a re-animated government given a new impulse to every exertion of skill, and new directions to labor and ingenious industry, than you agitate your question of reform to set men mad upon theories of government, instead of supporting it by the peaceable enjoyment of its practical blessings, checking the rising prosperity of peace, and plunging us back into all the dangers and difficulties from which we had almost miraculously emerged.”

The remainder of Mr. Blake's address at Montreal was devoted to speculative politics, and was scarcely appreciated by his audience.

The young men composing the Montreal Reform Club, probably like the same political class elsewhere, may be compared figuratively to young ravens. They went to hear Mr. Blake, expecting to be told how the “ins” were to be quickly turned out, and the “outs” installed in their places. Their minds are of the practical order, and they wanted to know how immediate and tangible results were to be secured. To the great majority of them an essay on the squaring of the circle might have been as profitable, and, possibly, in their opinion, quite as appropriate as a lecture on Imperial Confederation, and the Representation of Minorities. The former subject has been discussed by a well-known English gentleman, who, some years ago, addressed a communication thereon to Mr. Blake, at the latter's request, and, no doubt, to mark his satisfaction that a young Canadian statesman had adopted his views and ventilated them at Aurora, he subsequently embalmed in his papers an extract from the oration that Mr. Blake delivered at that village.

The Young Men's Reform Club of Montreal probably already regret that their guest should have spoken words that disturbed and alarmed important interests in the community, and were calculated to check the employment of Capital in extending the industries of the Dominion. Indeed, if his object had been to paralyse those great interests throughout Canada, he could not have exerted his influence more ingeniously for its accomplishment.

I feel very confident that the people of Canada will not “be set mad upon theories of Government,” and will take care that political and commercial visionaries shall not have the opportunity of disturbing the prosperity of this Dominion.

I remain,

My dear Sir,

Yours faithfully,

D. L. MACPHERSON.

Toronto, April 16th, 1881.



