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DOMINION ELECTION.

CAMPAIGN OF 1886.

Hon. Edward Blake's Speeches.

No. 7 (First Series).

KENDALL—Business Methods required in Public Affairs—
Degradation of Parliament—A few Boodlers.

HAMPTON—Civil Service Reform.

GALT—Burden of Public Debt.

ORANGEVILLE—Burden of Public Debt.

BELLEVILLE—Burden of Public Debt—The Interest on Debt.

OAKWOOD—Burden on Public Debt—Our Public Expenditure.

NOTE.—See Inside Cover for List of Mr. Blake's Speeches in first Series. Apply to W. T. R. Preston, Reform Club, Toronto, for Copies of these Speeches.

Toronto:

HUNTER, ROSE & CO., PRINTERS.

1886.

LIST OF SPEECHES IN THIS SERIES.

- No. 1.—(LONDON): General Review of Situation. Riel Question.
(OWEN SOUND): North-West Maladministration. Riel.
- No. 2.—(BEAVERTON): Independence of Parliament. The Boodle Brigade.
- No. 3.—(CHESLEY): Public Finances—Taxation and Deficits—Farmers.
- No. 4.—(SIMCOE): Federal and Provincial Rights—Ontario—Nova Scotia.
(GUELPH)—Elections near.—Tory Dodges—Nova Scotia.
- No. 5.—(OWEN SOUND): Principles of Liberalism—Duty of the Leader.
(WELLAND)—Policy of the Party—Functions of an Opposition.
(OAKWOOD)—Sir J. Macdonald on Functions of an Opposition.
- No. 6.—*Extracts*—(GUELPH): Home Rule for Ireland.
(BERLIN): Firebrand Tory attempts to excite Germans.
(GALT & ORANGEVILLE): Indian Starvation Policy.
(PEMBROKE): Maladministration felt at Cut Knife Hill.
- No. 7.—*Extracts*—(KENDALL): Business Methods required in Public Affairs
—Degradation of Parliament—A few Boodlers.
(HAMPTON): Civil Service Reform.
(GALT): Burden of Public Debt.
(ORANGEVILLE): Burden of Public Debt.
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- No. 8.—(NEWCASTLE): Canadian Pacific Railroad Matters.
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- No. 9.—(WINGHAM): Blake's Tribute to Mackenzie.
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(BRANTFORD): Blake's Tribute to Paterson—Duty of Young Men.
- No. 10.—(WELLAND): Liberal Party, Creeds and Classes.
(ORILLIA): Leaders and Newspapers—The "Mail" Crusade.
- No. 11.—(AYLMER): Prohibition and Politics.
- No. 12.—(TORONTO): Interests of Labour—The Tariff.
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(HAMILTON): Workingmen and Parties.
- No. 13.—(HAMILTON): Provincial Issues—The Religious Cry—Liberals and Catholics.
- No. 14.—(LINDSAY): North-West Affairs—Neglect, Delay and Mismanagement—Race and Creed Cries.

Business Principles Required in Public Administration.

DEGRADATION OF PARLIAMENTS TO TORY REGISTERING MACHINES.

ARGUMENTS OF THE HEELS.

A FEW BOODLERS.

At Kendall, Mr. BLAKE said:—I have often wished that the people would learn to look upon politics with those same eyes with which they look upon their every-day business affairs, and I think that if they did, and if they applied to politics the same practical common sense which they use when dealing with their private business, they would demand of Ministers a different method of conducting public affairs from that now followed, and different results from those now obtained. There exists amongst us, in dealing with politics, altogether too much of two things—first, a disposition to believe that politics ought to and must be handled upon other principles and by other methods than those adopted or permitted in private affairs. The next thing is—and I am not now considering whether one side is more blamable than the other, though I do not conceal from you that I think that this is so—a tendency to look at public questions entirely through the party spectacles; to judge of proposals according to the name of the man who makes them, instead of the merit of the proposal; to regard politics as an instrument for the advancement of party, instead of regarding party as only a means for the advancement of the political interests of the State. When shall the day come in which we approach the decision of a political question on its merits and with a view to reach the very truth and justice of the case? That day will be

A BRIGHT ONE FOR THE LIBERAL PARTY.

Now, in a business community like ours, where few of our representatives are able to live without engaging in some occupation, parliamentary business will be the better done the less its man-

agement conflicts with the livelihoods of the members. The great bulk of our general business is crowded into a few months of the year; and so our Parliament ought, as we Liberals have long contended, to meet very early, immediately after the New Year. Meeting early, we should get to work at once, and make substantial progress in great part of the business during the first two months of the session, instead of idling at the beginning and leaving the mass of matters to be taken up towards the close, when we feel that we must rush through it to get back to our own concerns. Government measures should be brought down early so that the members may have full time to examine and consider them, and so that you may have time to perform your part in the work of current legislation. For I have always contended that amongst a democratic people like ours the duty of the people at large in politics is not confined to the excitement of an election campaign, or to the casting of their votes. You have

A CURRENT DUTY TO PERFORM

in the interval, of watching your representatives as they deal with the public business, of forming opinions upon the measures proposed, and of indicating to your representatives the state of public opinion, and thus assisting to mould the legislation of the country. But you are now practically deprived of that right, and we of that advantage, because the measures are brought down so late, and are pressed through so fast that oftentimes before the weekly paper stating the proposals reaches your homes, before you have digested the measure, before you have formed opinions, before you have had a chance of communicating your opinions to your representatives, the measure has passed practically beyond recall. The present methods also lead to this result, that the functions and powers of independent members are very greatly curtailed, and that Parliament is becoming more and more what it ought not to be, a simple register of the views of those who happen to be in the Ministry and to have a majority for the time being. Therefore, those who favour popular rights, who believe that Parliament should be really the expression of the best mind and maturest opinions of the people, ought to regard as truly pressing and practical this question of the conduct of the business of Parliament. If Parliament is to be a body effectually deliberating and deciding on the propriety of measures, and not a mere

MACHINE FOR REGISTERING THE OPINIONS OF A GOVERNMENT,

some change must be made. Our rules indeed provide for certain delays and stages in the passing of bills, but the mere observance

of the letter of the law in this respect is not enough. It is provided that bills shall not be passed all at one sweep. They are introduced and read the first time, and after that stage there ought to be an interval for examination and discussion, and for getting the views of those in the country who are interested. Then comes the second reading, when the principle of the measure is either affirmed or rejected; then it is referred to Committee of the Whole House, where, after a further interval, the details should be discussed; and then, after a last delay, the third reading should take place, and at all these stages it is provided that the bill shall be open for debate and discussion. But if all these stages are taken one after the other as fast as the letter of the rules permit, the form, it is true, is observed, but the substance, the purpose for which the rules were intended, is wholly disregarded. I wish you could see the way we do your business towards the end of the session. We begin in the morning when the Committees of the House meet, and there we remain until one or half-past one o'clock. Then in the afternoon at three the House meets, and there we remain until perhaps three or four, sometimes five or six, in the morning, and we are back again at ten to the work of the committees, and so we go at the rate of a hunt instead of having time to consider and discuss the great public questions which come before us. That is not the way to reach sound conclusions, or to learn or express the matured opinion of the country. We pass bills with great speed and without due consideration, and the consequence is that we spend much time in

AMENDING AND PATCHING THE BILLS

of previous sessions. Our mistakes are not found out until the law comes to be practically applied, and when these mistakes are found out we go to work in the same hurried fashion to try to amend them, and so on from session to session. Let me give you one very striking instance of the rate at which we vote the money to be placed at the disposal of the Government out of the public resources. The stage at which we get the final explanations, formulate objections, move amendments, and take the sense of the House is called concurrence. Well, last session we took concurrence in somewhere about \$33,000,000 of money in an hour and a half, or at the rate of over \$6,000 a second. One of my friends was audacious enough to interpose an objection respecting some particular vote. He spoke for perhaps a minute, and he was immediately met with

HOWLS FROM THE OTHER SIDE

of the House, and by the declaration that he was obstructing the business and wasting the time of Parliament. That is a course of

public business which I regard as in the highest degree unsatisfactory. If the case were wholly exceptional I would not trouble you with it, but the difficulty is, as I say, a growing one, and unless the attention of the people is directed to it, and unless both sides agree to bring pressure to bear upon the leaders of the House to call Parliament together early, and to have the business ready early and brought down and proceeded with in good time, these evils will continue and grow worse, if worse be possible. (Applause.) If you could pay us that visit which I proposed, you who sympathize with the views of the Opposition would see partly how it is that in spite of the weight of reason and the force of argument, we are yet beaten in the vote. You would see that our arguments are too often met with counter

ARGUMENTS OF THE HEELS,

and not of the head, that our voices are drowned by the scraping of desks and other noises, and so the vote is taken. I am sure that many of you who are opposed to us, could you see how affairs are conducted at Ottawa, would come away with other politics. (Applause.)

After referring to other matters, Mr. Blake spoke briefly respecting the

INDEPENDENCE OF PARLIAMENT,

as affected by grants to railways in which members of Parliament were interested. He proceeded:—

I have already given some instances. There is another instance which I have not detailed elsewhere, the facts of which came to my knowledge only recently. The charter for the Ottawa, Washington and New York Railway Company was obtained by a gentleman (not in Parliament) named Keefer, who was the chief promoter and mainspring of the enterprise. It is the fashion to give value to these charters by securing public subsidies. In order to give value to this charter a public subsidy was felt to be necessary. Dr. Hickey, the member for Dundas, was approached. He was given some stock; he was given a seat at the Board; he was made the President of the Company, so that they might obtain the proper power to work the Governmental machine, so as to produce a subsidy. Dr. Hickey, M.P., presenting the merits of an enterprise which boasted of his presidency,

A BONUS WAS EASILY OBTAINED.

from the Government, and voted by Parliament. By that means value was given to the charter; for the charter by itself simply gave authority to build and work the road, and if it had remained

without a bonus, those who promoted it would have had to find persons who had confidence enough in the scheme to give money or backing enough to build it. But when \$3,200 a mile was given as a free grant, of course that at once gave value to the enterprise, and was a great additional inducement to capitalists to enter upon the scheme. They got the village of Morrisburg to take \$10,000 of stock, of which \$1,000 was paid up. The company did hardly anything at all. The \$1,000 given in cash by Morrisburg would pay for all they did. But they did not expect to do any work themselves, or to build the road themselves. They simply expected to sell out the charter and the bonus at a great profit to those who would build the road. How do I show that? By stating that the President, Dr. Hickey, the member for Dundas, prepared a proposal for some New York capitalists to sell the charter in the form of contracting for construction. The very first provision of this proposal was that the company must have \$15,000 paid to the order of the President, Dr. Hickey, to pay for bonds and other honourable engagements. Generally that is not the way in which contracts are made. If you were letting a contract to build a barn or a house you would expect to pay the contractor something for the work you bound him to do, but

THESE BONUS HUNTERS AND CHARTER SELLERS

demand that the men who are to do the work shall pay them something, and so the very first provision is that the contractors shall pay them \$15,000. It would be rather interesting to know what the "honourable engagements" were. Perhaps at a later day I may communicate to you what they were, but at present I say nothing. The fourth provision is that the existing corporators must retain a majority of the board (which consists of seven) to protect their interests—(hear, hear, and laughter)—they binding themselves not to interfere with financial arrangements, or they will bind themselves to give the contractors a majority on all money outlay respecting the construction of the road and bridges. When the road is built this may lapse, if desired. Then they demand that \$50,000 shall be deposited in the bank as a guarantee of good faith, which will be forfeited to the President and Board of Directors in the name of the President, C. E. Hickey, if the conditions of the agreement are forfeited. In the seventh clause, they agree to give the contractors two-thirds of the entire stock of \$1,500,000, so that they would still retain \$500,000 of stock, the contractors getting \$1,000,000. Then they agree to give all the bonds and bonuses, together with any bonuses they may get hereafter, and the balance due on the Morrisburg stock, \$9,000. Then comes the tenth, the last provision, which is like unto the

first. They want a liberal bonus in bonds of the first issue or cash for the seven promoters of the road for labour expended and good will. (Laughter.) The labour expended was

MAINLY IN GETTING A SUBSIDY

to be paid out of your taxes, and the good-will is in their willingness to get more. So that they want \$15,000 in cash, \$500,000 in stock, and a liberal bonus in first mortgage bonds or cash as the price of their position. I am not now discussing the propriety of promoters of railway charters—though I confess I haven't much confidence in the breed—(laughter)—trying to make the best bargain they can. What I do object to is members of Parliament, who are called upon to say whether it is in the public interest that public money should be voted to certain railway companies, who are called on to decide on the general legislation of the country, having private interests in those companies and personal relations with the Government, which must conflict with their public duty. (Applause.) This system is altogether a grand scheme for animating with additional fervour large numbers of Government supporters by the consideration that they are to make profit by that support through the establishment of improper relations with the treasury. And as a matter of fact the result is that what we give out of your taxes to build a road is very largely diverted to line the pockets of members who become promoters of the work and who build the road or sell out the charters to others. I call on you to judge whether this sort of transaction should be allowed. (Cheers.)

CIVIL SERVICE REFORM.

ABUSES OF THE TORY SYSTEM—SUPERANNUATION AND FRAUDS— WHAT THE LIBERALS PROPOSE.

The following is a report of that part of Hon. EDWARD BLAKE'S speech at Hampton, which relates to Civil Service Reform:—Now, gentlemen, I said I would advert in detail to one or two points, respecting which we contend for reforms. I have referred to the

ENORMOUSLY INCREASED EXPENDITURE

for inside salaries and contingencies, and for superannuation for the Civil Service, swollen from \$930,000 in 1878 to \$1,340,000 in 1885, but that is not the only question which presses here. The

outside and inside Civil Service is now composed of several thousand persons, who are paid out of our taxes, and do our public work; the efficiency of the service is of great importance; and to the method of admission to that service the Reform party object. The system involves what is called a qualifying examination. The standard is very low. The examination may very easily be passed by a great dunce, and therefore it is no test of efficiency, and a great many do pass it. There are now, I believe, about two thousand who have passed the examination, but yet linger outside the gates of Paradise waiting to obtain entrance into the Civil Service. (Laughter.) These people are, after all, dependent for their admission upon political influence and favour, instead of merit. A vast number are waiting, from whom the Minister may choose, and he generally selects the person who is pressed most strongly upon his attention by political supporters, and not the person best fitted for the service. (Cheers.) You ask what I would propose. My idea is that we should adopt in principle the English system under which

COMPETITIVE EXAMINATIONS

take place. The candidates, besides being required to exceed a certain qualifying minimum, are rated according to their relative proficiency in the subjects of examination. Certificates of character, conduct, and health should be, of course, required, because it is not enough that a man should pass an examination. The person who comes out first has the first chance, and he is taken into the office on probation for six months. That is perfectly fair and right, for many a man will pass an excellent examination who may be utterly unfit to fill an office. (Applause.) He may have defects of temper, conduct, habits, manner, incompatible with the proper discharge of his duty. If, at the end of the term of trial, he is found suitable, he is permanently appointed. If he fails, the next man on the examination gets his trial, and so on. Political patronage,

THE VICIOUS ELEMENT,

is thus struck out of the calculation; each man has a fair opportunity, and the person who proves his fitness gets the appointment. That is a very much more satisfactory system than the one in use with us. (Applause.) Then with reference to promotion. We ought to apply much more fully than we do the principle of

PROMOTION BY MERIT.

If you want zealous, willing, able service, you should hold out reasonable expectations that such service will secure promotions

to the higher places, the prizes of the service. Unfortunately the system is growing of giving these prizes to worn-out political hacks who cannot earn an honest living. This position is held to create a "claim" upon the best places in the service, while the men who have been working there for years are to submit to the interloper being thrust over their heads, and their chance of

REWARD FOR FAITHFUL SERVICE

is diminished. (Applause.) I do not say that there should not be some discretion, in a limited class of cases, for the Government to provide for really deserving and capable men, or for the introduction of fresh blood into the headships of the service; but this discretion is systematically abused; and the plan as now administered deprives you, gentlemen, of one of the most important means of securing from the public employees good, faithful, and zealous service. Moreover, we ought to have fewer officers, and somewhat harder work for just reward. (Cheers.) I am a believer in a

FAIR DAY'S PAY FOR A FAIR DAY'S WORK.

I do not think we really economize by screwing hard-working servants down to a point at which they cannot live or have any encouragement in life; but I am a believer also in getting a fair day's work for a fair day's pay. The increase in the number of public officers at Ottawa since 1878, has been enormous. I have seen a calculation which states the increase, as nearly as can be ascertained, to be from under \$00 in 1878, to 1,200 last year. Much of this increase, I believe, is unnecessary, and is due to the pernicious pressure of political influence. Fewer men, fair pay, and full service should be our aim. There is another thing we ought to mend. There is a clause under which \$50 a year of increase is authorised to those who prove deserving. But in practice every person with hardly an exception is deemed deserving. That statutory increase covers some part, and does duty for more, of the

GROSS AND ALARMING INCREASE IN THE SALARIES.

Now, a very great part of the work is of a kind which cannot justify an increasing salary. It is routine or clerical work, to a large extent merely mechanical, and in which a man may reach the maximum of efficiency in two or three years. There is no reason why, after his services have reached their maximum of value, his salary should go on increasing, though he be amply paid at the lower rate. There should be, as in other countries,

a division of the service into two classes—with for each its appropriate system. Then the extra pay business has swollen to the dimensions of abuse. You must know that clerks are employed in what they call “extra hours,” for what they call “extra work,” for which they get “extra pay.” The moment that system gains ground it is not their ordinary work, but the extra work, involving the extra pay, to which the clerks are looking. And the danger is that the

REGULAR WORK WILL BE NEGLECTED,

and the regular hours invaded in order that the extra work may be done. Besides, it is a great door for favouritism, and for illicit increases to the pay. It is astonishing how much work is called “extra.” It was stated last session that there were 81 clerks last year who received an average salary of \$1,700 a year, and who drew altogether over \$60,000 for extra services, an average of \$730 a year, making the total overage pay of each of these clerks \$2,430 a year. I am entirely opposed to that system. (Applause.) The work should, as a rule, be done, whether it be more or less, by the regular staff. But if, on an emergency, we want extra work done we should employ extra men to do it. Then there is

THE SUPERANNUATION SYSTEM.

Besides the salaries which they receive while they work for us, and which I believe are quite adequate to the work performed, we pay our civil servants pensions after they are supposed to be unable to continue working. You and I, while we are able to work, are obliged to cut our coat according to our cloth, to so arrange our expenses with reference to our earnings that we may assure some provision for a rainy day, for old age or infirmity. We are obliged to consider that time will end our days of earning power, and that for us no treasury door will open then to supply us with an income. It is well that this should so be. It leads to habits of prudence, economy, industry, and self-restraint. But the Civil Service has instead the superannuation system. Last year over \$203,000 was paid in superannuation allowances, while the payments to the fund were \$52,000, so that \$151,000 was paid out of the taxes, as against \$65,000 so paid in 1878. The increase is enormous. Let me give you an instance of the results of the system. In the House of Commons we have

TWO CLERKS AT THE TABLE.

The salary of the clerk is \$3,400, and that of his assistant \$2,400, making a total of \$5,800. But that is not all you pay, because

there is a superannuated clerk who gets \$2,379 a year, a superannuated assistant who gets \$1,543 a year, and still another superannuated assistant who gets \$400 a year—a small sum hardly worth the mentioning. (Laughter.) So the *total amount for the retired clerks is \$5,322*, which, added to the salaries of the acting clerks, makes a total of \$11,122, or nearly twice the value of the work done. (Laughter and applause.) And there are other examples I might give, in some aspects still more flagrant. And you must remember there are said to be now about

TWO THOUSAND OF THESE MEN ELIGIBLE FOR SUPERANNUATION.

I regret to say that in the exercise of the power of superannuation, great indifference to the public interest has been shown, and the public charge has been unduly increased. The Tories were horrified at its being about \$100,000 *in Mr. Mackenzie's time*. They are pleased that it is only \$200,000 *in their own!* (Laughter.) Now, I think that with due regard to existing interests, this system should be abolished. (Cheers.) But I wish to submit to you my alternative, for I admit the desirability, in the public interest, of securing some provision for the civil servants, and I'll tell you why. It is true that you and I have to provide for ourselves. We have no paternal government,

NO TENDER-HEARTED COUNTRY,

to provide for us. But it is also true that people are more liberal with other people's money than with their own. And it has been found that if the civil servant spends all his income, as most of them, I am sorry to say, do, then when they are no longer able for work and have made no savings, Ministers are too charitable and too humane and *too generous with your money* to turn them adrift penniless. So for a while they will do the work ill, and you will suffer. Then as they grow more unfit, so that they cannot do the work at all, somebody else must be appointed to do it for them; and so *you may have two servants, one to draw his pay yearly, and the other to do the work and draw his pay too*. Now,

HOW CAN THIS BE OBIATED ?

In this way. Make it the law that a certain percentage should be deducted by the Government from the salary of each civil servant, at a rate varying according to the salary, small when the salary is small, and growing as the salary grows larger, because, if a man is receiving only \$600 a year, he can't save as much out of each \$100, as if he is receiving \$1,500 a year. Place this deduction to the credit of the servant, add half-yearly interest upon it,

and interest upon the interest, because neither principal nor interest is paid out; and then when the servant resigns, or is retired, let him have the accumulated fund; or if he dies in the service, let it go to his family, for whom the present plan makes no provision. I would thus, you see, make a compulsory savings institution; I would insist, as a condition of public service, on that economy which must obtain in private employments. I would do this for the special reasons I have mentioned, and in the public interest; but it would also be for the advantage of the servants and their families, it would avoid this great public charge upon the treasury, and it would close the door to improper and needless superannuations. These are the principal features of our plan of civil service reform. I trust they commend themselves to your judgment. (Cheers.)

THE PUBLIC DEBT.

MISREPRESENTATIONS OF "POLITICAL EXIGENCIES" WHITE—NET DEBT \$1,000,000 FOR EACH ELECTORAL DISTRICT—INTEREST \$40,000 FOR EACH RIDING—PUBLIC DEBT OF \$300 FOR EACH FAMILY—ENORMOUS TAXATION AND ENORMOUS EXTRAVAGANCE.

At Galt, after dealing with the subjects of taxation, surpluses, and expenditure, Mr. Blake said:—

The question of our public debt is one of the utmost gravity. I observe that some members of the Cabinet have been remarking on some supposed statements of mine on this head. Mr. White is reported to have said at Winchester Springs:—

"Mr. Blake told you that the debt was \$75,000,000 in 1867, and that it was \$300,000,000 to-day. He should have given you the gross debt of 1867, but if he had said it had increased from \$75,000,000 to \$207,000,000 he would have been quite correct."

Mr. Foster, evidently following the same line, though with variations, said at Belleville:—

"Mr. Blake had stated that the public debt of the country was \$300,000,000, when, as a matter of fact, the gross debt on 1st July, 1885, was \$264,000,000, quite a difference from Mr. Blake's statement. Deducting \$68,000,000 of assets, the net debt of the country was really \$196,000,000."

Now, I have been either misreported by the newspapers or misquoted by the Ministers. I have not yet found an erroneous report. It is possible that I may have been misquoted. I am

less indisposed to believe that, because I remember that the gentleman who charges me with having contrasted the net debt of one year with the gross debt of another has special and peculiar notions as to the

ETHICS OF POLITICAL CONTROVERSY,

under which the making of an unfounded statement may square with his views of his duty as a politician, though if so, he perhaps is not the fittest person to attack me were his statement true. He is the same gentleman who, in the analogous and equally important and responsible capacity of a public journalist, was the subject of a charge some years ago. The *Montreal Herald* thus charged him :—

"We have heard a story that before Sir John Macdonald fell in 1873, D. A. Smith confided his want of confidence to the editor of the *Gazette*, among other gentlemen ; that after the fall, when Mr. Smith was assailed for reticence as to his intentions, the worthy editor was appealed to by Mr. Smith, and acknowledged the conversation, and stated his expectation from what he had said that the latter gentleman would vote for Mr. Mackenzie's motion. Later on, when the *Gazette* became virulent against him, Mr. Smith upbraided the editor, and the latter admitted the facts, but stated that party exigencies urged him to the course he was pursuing, i.e., slandering Mr. Smith."

In reply, Mr. White, in the *Gazette*, said :—

"We have simply to say that there is not a word of truth in the statement, that it is manufactured out of whole cloth. The editor of the *Gazette* never had any conversation, good, bad or indifferent, with Mr. Smith in relation to his conduct in 1873. Mr. Smith never upbraided the editor of the *Gazette*, and that gentleman never made any such admissions as are referred to."

Upon that a letter was written by Mr. Smith to the editor of the *Herald*, and that letter contained these passages :

"The facts of the case under dispute are, in the main, as stated in the *Herald*, though I can quite understand that, in the multitude of his political affairs, Mr. White may have forgotten the conversations between us and the visit of Mr. George Stephen and myself to his office (made in consequence of reflections on my political character which appeared in the *Gazette*) and the admissions he then made. He declined to make a correction, and excused it on the ground that journalists were sometimes compelled by political exigencies to write in disregard of those considerations by which under ordinary circumstances they would be guided.

"DON. A. SMITH.

"I entirely concur in the above.

"GEORGE STEPHEN."

Mr. White dropped the subject, and has not revived it since. Here, then, I have two great authorities for saying that Mr. White's notion as to what

POLITICAL EXIGENCIES

may justify, and, in fact, require, is such as to make it, at any rate, possible that I have been, not misreported by the newspapers, but

misquoted by the Minister; for I frankly agree that the political exigencies of Mr. White are at this moment very serious indeed. (Laughter.) However this may be, the fact is that I never did contrast the net debt of one period with the gross debt of another. That would have been an act of flagrant dishonesty. It would have been an attempt, and a very absurd and shallow attempt, to deceive the people; it would have been an act which not even Mr. White could effectually defend any more than his own conduct in the Smith affair; it would have been an act which should prevent its perpetrator from appearing with acceptance upon any public platform afterwards. Now let me deal with

THE QUESTION OF THE DEBT.

What I have done generally is to deal with the net debt, seldom referring to the figures of the gross debt at all. You must remember, however, in dealing with the net debt that a large portion of our assets is dubious, and that were we to take a proper and strict account on the basis of the amount we may expect to realize from the assets the actual balance of debt would be much larger than it appears. However, I will take the net debt as shown by the accounts, without making any allowance for depreciation of assets. You must remember, also, in considering the future of the debt, that we have contracted large railway and other engagements, rapidly maturing, which must necessarily increase its volume within a brief period. Now, I begin with 1873. It is hardly worth while to go back further to-night. I call your attention to the fact that in 1872-73 the Government of Sir John Macdonald entered upon a policy of large expenditures for railways, canals, and other public works, to which they committed Parliament and the country, with respect to some of which they entered into positive contracts—as, for instance, with reference to the Canadian Pacific Railway—and for others of which they took votes, and began the works; and that this policy has necessarily controlled very largely the scale of public expenditure, both on income and on capital account, ever since.

THE GENERAL RESULT,

I am afraid, you will find to be not merely serious but alarming. Our net debt in 1873—I give you round numbers—was \$99,900,000. By 1878 it had risen to \$140,400,000, the increase in the five years being thus \$40,500,000, making an average yearly increase of \$8,100,000, which was expended chiefly in public works mainly, almost exclusively, engaged for as I have stated. In the second period, THE FIVE YEARS FROM 1878 TO 1883, THE NET

DEBT ROSE FROM \$140,400,000 TO \$158,500,000, AN INCREASE OF \$18,100,000. At first blush that would appear more satisfactory, but I hope you have not forgotten what a few moments ago I told you about the enormous increase of our taxation during that period. I will give you some figures on that point. The taxes were, as I have shown you, increased about 50 per cent., and from the tremendous revenue thus taken out of the people's pockets, large amounts were practically used on capital account, that is on account of great public works which according to our system are to be paid for out of loans and not out of taxation. The sums applied out of income on capital account were as follows :—In 1880, \$1,220,000; in 1881, \$5,230,000; in 1882, \$9,080,000; in 1883, \$9,370,000, in all \$24,900,000. Adding this to the increase in the public debt, \$18,100,000, you find a total expenditure on capital account of \$43,000,000, or a yearly average for the second five years of \$8,600,000, somewhat in excess of the expenditure of the first period. Taking the whole ten years, from 1873 to 1883, you find the expenditure on capital account, out of income and loans, were \$83,000,000, or an average of \$8,300,000 a year. But if you deal with the debt alone you find the increase in the ten years to be \$58,600,000, or an average of \$5,860,000 a year. These are serious figures, but they are not the worst. It is the later years that tell. Encouraged by the verdict they snatched in 1882, buoyed up by the inflation which they had themselves produced, half believing, I dare say, what they told the people, that they had secured a ten years period of unexampled prosperity to Canada, they went on rashly and wantonly, and now

NOT ONLY IS TAXATION ENORMOUS, BUT THE DEBT HAS SWOLLEN
IN THE MOST ALARMING MANNER.

The new debt rose from \$158,500,000 in 1883 to \$182,150,000 in 1884, an increase of nearly \$23,700,000 in a single year. In 1885 it rose to \$196,400,000, a further increase of about \$14,200,000 in a single year. Thus the two years 1883 and 1884 showed an increase of about \$38,000,000, or an average of about \$19,000,000 a year. Compare this with the former figures. For 1886 I can give you an estimate only, because the results are not yet published. During the session the Minister of Finance stated that the net debt was \$205,000,000. Since then it has been increased by the release of \$10,000,000 of the debt due by the Canadian Pacific. I estimate the probable addition on other accounts at \$5,000,000. This would make the present net debt \$220,000,000. It may be shown apparently a little less by carrying over some of the obligations, but that is the fairest estimate I can make of the present net debt. That would give an increase for the year of \$23,-

600,000. The total increase for the last three years would then be \$61,500,000, an average of over \$20,500,000 for each year. Thus the increase in the last three years has exceeded the increase in the whole ten years preceding, and the average for each year of the last three years is nearly four times the average for the last decade. The net debt of Canada, according to these figures, amounts to about \$1,000,000 for each of the 211 electoral districts. Interest and charges on this amount, at four per cent., would be \$40,000 a year. That you have to pay. Let the electors of South Waterloo take home these figures and understand what the minimum and apparent burden of the net debt is. As to its real burden, within a very brief space, if you allow for the depreciation of assets and for the peremptory engagements I have mentioned, the real net debt means, or will shortly mean, about

\$300 FOR EVERY HEAD OF A FAMILY

throughout Canada. I explained some time ago that the rich do not contribute to the public charge in proportion to their wealth. If, in calculating the amount of realized wealth in the country in respect to its tax-paying power, you make allowance for this fact, it would be difficult to find that the realized wealth of the country averages much, if anything, more than \$2,000 per head of a family. If this be accepted, you find that about one-seventh of the realized wealth of the family is absorbed by or pledged for the public debt. I think these are figures which should cause us to pause and to reflect, especially when we consider the promises of economy and retrenchment made by the Government, and when we remember that the longer they have been in office the more extravagant they have become, and that the last three years are so appalling in respect of taxation, expenditure, increase of debt, and deficits. (Cheers.)

THE BURDEN OF DEBT.

At Orangeville Mr. BLAKE summarized the situation, showing the rapid and alarming increase of the net debt, within the last three years especially, quoting the figures for the several periods and comparing them. He proceeded:—Messrs. White and Foster, two Ministers of the Crown, attacked me in Ontario not long since in reference to my supposed statements upon the subject of the debt. I answered them the other day. Since then they, in com-

pany with Mr. Thompson, another Minister, have been holding meetings in the Maritime Provinces, and they have dealt with this question again. Let me quote from

MR. FOSTER'S SPEECH AT HALIFAX :—

Now, just five minutes on that question. I want to ask how much is that debt. The *Morning Chronicle and Recorder* would probably say :—"The debt of the Dominion is \$300,000,000." Some of them are, cuter than others, and they will say it is nearly \$300,000,000, so that if you catch them in the exact amount they will have some little ground to save themselves. I am here to state that the gross debt of the Dominion is not anywhere near \$300,000,000, and that on the 1st of July, 1885, the gross debt of the Dominion of Canada was, in round figures, \$264,000,000. Now, there is a wide difference between the amounts, and you would think so if the difference went into your pockets—(laughter)—and you would think so all the more if it had to come out of your pockets. (Renewed laughter.) There is no need of giving your country a harder name than it might have naturally—there is no honest patriotism in trying to overload the country with an imaginary debt, because it does not help it outside. The gross debt was \$264,000,000 in July, 1885. I see some one in the audience smiling as if to say, "Yes, but that is a year ago; you have been piling it up since then." But I say that on the 30th day of September, 1885, the gross debt was greater than it was in July, 1885, by no more than \$100,000, that is to say, to-day, in round numbers the gross debt is \$264,000,000. But this is not half the truth. When you want to know the financial standing of a man you would say he owes so much, and therefore he is in a bad way, but you would say he owes so much and he owns so much, and that would show his position. Now be as honest with the country as you would be with the man. (Cheers.) Find out how much the assets of the country are and you will find that on 1st July, 1885, the assets were \$68,000,000 in round numbers. Now do the next thing, and from that gross debt subtract our available assets, \$68,000,000, from the \$264,000,000, and you have remaining \$196,000,000, a long way from even nearly \$300,000,000. But if you go away with the idea that the \$196,000,000 has been rolled by the Dominion Government you are wrong. For of that \$196,000,000 the sum of \$106,000,000 was owing, and would to-day be owing by the Provinces and is simply taken from the Provinces and handled at a less rate of interest (Applause). So that if you subtract \$106,000,000 from \$190,000,000, you get the real debt rolled up for the actual purposes of the Dominion \$90,000,000. And you know that the Intercolonial Railway cost us \$30,000,000, the Canadian Pacific some \$57,000,000, and the canal system \$30,000,000. I need not refer to the other public works all over this Dominion which are used for the development of its resources, the carriage of its trade, and the building up of the country. Do you think all this is not worth the \$90,000,000 that have been rolled up?

At Truro he dealt with the debt in the same way. Now, you see

THE EFFORT IS TO PRODUCE THE IMPRESSION THAT THE PRESENT
NET DEBT IS BUT \$196,000,000.

They give you the gross debt as of 30th June, 1885, and then they say that the amount has not since increased, that it is but

\$100,000 more on 30th September last. So you are led up to the present date. Then they say they must deduct the assets in order to get the net debt. They go on to deduct \$68,000,000, being the assets as of 30th June, 1885, and then they declare that the net debt or the burden upon the country is \$196,000,000; and that, deducting Provincial debts, the increase since 1867 is but \$90,000,000, so you are designedly led to believe that the present net debt, the existing burden, is but \$196,000,000. That this is their statement is further established by the

SPEECH OF MR. THOMPSON

at St. John, who says:—

* * * The net debt which is to-day \$196,000,000, notwithstanding statements to the contrary.

And I find in the *Mail* of this morning:—

The truth of the matter is we owe \$196,000,000.

* * * * It is not surprising that the lesser politicians should magnify our liabilities, but it is surprising that a man of Mr. Blake's calibre should do so.

Now I deny the accuracy of these statements. I have not the public ledger before me as they have, but I confidently deny these statements. I charge these gentlemen with having been

GUILTY OF GREAT DISINGENUOUSNESS.

What they have done is to deduct from the gross debt of 1886 the assets of 1885, and they have told you that the result is the net debt of 1886. But if it be the fact that the gross debt of September, 1886, is only \$264,000,000, how does that happen? I will tell you. It is because within the last few months many millions of secured debt have been paid off. So if the gross debt, notwithstanding an enormous payment on account, remains at the same amount as it was in 1885, it follows that

MANY MILLIONS OF NEW DEBT

must have been contracted, else the gross debt would have been diminished. But that new debt is not represented by assets, it is an addition to the net debt; and thus while the gross debt remains, the assets have diminished, and the net debt has increased. (Applause.) Again, within the last few months \$10,000,000 more of debt, against which we held the obligation of the Canadian Pacific Railway Company, which was secured debt, has become unsecured by the release of that obligation and our retention of

public lands in lieu of it. *This surrender involves a practical increase of the net debt.* I am convinced that it is wholly incorrect to say our net debt is but \$196,000,000. I challenge the Ministers to give us the statement from the books of the net debt of Canada, as of 30th June, 1886. I challenge them to give us the statement from the books of the net debt as of 30th September, 1886. (Loud applause.) They have given us the gross debt of that date from the books, but I fear they are trying to mislead us as to the net debt. I am convinced that when the statement is obtained and sifted it will be found that the net debt far exceeds the \$196,000,000, which they would have you to adopt, and is about \$220,000,000 as I stated to you. (Applause.)

OUR BURDEN OF DEBT.

A Challenge to the Ministers—An Increase of \$62,000,000 in Three Years—Forty Thousand a Year Extracted from each Constituency.

Mr. BLAKE, speaking at Belleville, said :—I stated my belief to be—for it is a matter of estimate until the Ministers who, at this moment, hold closed the public ledger, shall choose to open it and to divulge the exact figures—that the

NET DEBT ON 30TH JUNE LAST

and since was \$220,000,000, or thereabouts. Since that statement I have seen in several speeches delivered by Ministers who have been travelling through the country together, enlightening the people, statements of the public debt. I have seen statements made by Mr. Foster, by Mr. Thompson, by Mr. White, some of which directly announced, and others as directly led up to and implied the proposition that the present net debt is about \$196,000,000 only, being the same amount as of 1st July, 1885. Some of these statements I quoted a little while ago. I challenged their accuracy. I challenged the Ministers to state from the public books, which they hold closed, the net debt as at the 30th June last, and the net debt as at the 30th September last, and I repeated my estimate of about \$220,000,000. (Applause.) Since that time some of these gentlemen have spoken, but no response

has been made to that challenge. I find them now a little more guarded. Their utterances, with reference to the net debt of late have more specifically confined their announcement to its condition on 30th June, 1885. But what we have to deal with is not the remote past, not even the more recent past, but the present condition of the country as near as it can be given, and

THEREFORE I REPEAT MY CHALLENGE.

(Applause.) I repeat my call here and now before you to these gentlemen not to lower themselves as they did a while ago by telling the amount of the gross debt on 30th September last, and inviting you to believe they were giving you also the late statement of the net debt, but to give plainly from the public books what you want to know, the present amount of the net debt. My statement, putting it in as few words as I can, was this:—

(Mr. Blake here re-stated the position of the net debt as given by him in his former speech, and proceeded as follows:—

Now, remember, that while we have been rolling up this enormous debt the neighbouring country has been reducing its debt, so that ours now compares very unfavourably with that of the great competitor for those whom we wish to invite here—the farmers of the soil. I understand that here, as well as elsewhere, the effect of these appalling figures, for such I call them, was attempted to be broken by a statement with reference to the condition of the interest account, and it was intimated that it is not of much consequence how much the debt is—the question is

HOW MUCH INTEREST YOU HAVE GOT TO PAY.

I am not certain many of you would adopt that view in private life. (Applause.) I am not certain many of you, in estimating your individual condition, would consider simply what interest you had to pay. I hope you would remember, a little, pay day for the principal as well; that you would look at the amount of the capital of the mortgage—if a mortgage there be, as in the case of our public debt there practically is—for the capacity, power, assets, earnings, and honour of the community are pledged for the repayment of that debt, principal as well as interest. But the statement made as to the interest I entirely dispute. In the first place they take the interest account as of June, 1885. But something like a million dollars a year of new interest charge has been added in the interval, and if they would be candid enough to give you the account as it is to day, they could not give you the figures of interest which they are endeavouring to persuade you to accept. Again, they give you on what they call the *per capita*

calculation, an estimate of the population, which I dispute. I won't waste words about it. We might dispute all evening as to the number of people in the country. But I believe they

OVER-ESTIMATE THE POPULATION

by between two and three hundred thousand, and by means of that of course they reduce the amount which is to be paid by each person. Again, since they came into office they have taken a great deal of money for which they pay no interest, by appropriating a large proportion of the circulation which formerly was issued by the banks in their own notes. That may be wise or unwise, but it reduces the apparent average of interest on the whole, inasmuch as a certain amount of money is got without interest, though the result may be far from an equivalent net gain to the community. Again, they have very largely

REDUCED THE GOLD RESERVE

as compared with its standard under the more conservative management of Sir Richard Cartwright; so largely, in fact, that at one period we appeared to be in an almost critical condition, and very considerable amounts of specie were, I believe, called out by cable in order to make things straight. If you reduce the amount of the gold reserve; of course your circulation costs less for interest, and you thus reduce the general average rate of interest on your whole transactions. Then, again, on their sterling loans the discounts and charges, on a careful calculation, will be found to amount to about four and a-half millions, and this sum is really, though not nominally, added to the interest. If you issue at a discount a loan at a low rate of interest, the difference between the amount you actually receive and the nominal amount, the amount on which you pay interest, is really

AN ADDITION TO THE INTEREST

you pay. Then, again, they have put to their own credit the general reduction in the rate of interest throughout the world. Everyone knows—it is the experience of everyone who is happy enough to be a lender, and of everyone who is so unfortunate as to be obliged to borrow—that there has been a general reduction in the rate of interest all over the civilized world. This is a circumstance of which we are able to take advantage, and so the country, having this advantage, ought to be better off; but that benefit which we have obtained by our ability to borrow at a lower rate of interest has been absorbed by reason of the enormous additional loans we have made. For instance, we lately re-

newed a large loan of about \$20,000,000, which had been bearing five per cent. It was renewed at a rate of interest after considering allowances and charges of 4 1-12 per cent. This produced a saving of something like \$200,000 a year. That is all absorbed, it is all gone, with a great deal more, because so much more money has been borrowed, and so that \$200,000 has been used to pay interest on the fresh loans, of which we will have to pay the principal at a future day. I will give you

ANOTHER COMPARISON.

Ministers are extremely fond of referring to Richard Cartwright's loans and the prices he paid for money. His loan of 1876, at 4 per cent. was issued at 91, and if you allow for charges and discounts of all kinds, the money cost us nearly $4\frac{1}{2}$ per cent. At that time United States $4\frac{1}{2}$ per cent. bonds were retailing in London at par, and I need hardly say that the retail price of such securities is always in advance of what they would realize if a large loan were being placed on the market in a block. Thus, you see that the prices of Canadian and of U. S. securities were then practically the same, as evidenced by Sir Richard Cartwright's loan. That proves that the credit of Canada at that time in the great money market of the world was abreast of the credit of the United States. (Applause.) Let us contrast this with the loan of first July, 1885. The Canadian Government sold really at 101, but allowing for certain discounts on allotments and for charges at a slight discount. United States fours were at the same time selling at 124, a price which would make the rate of interest returned to the investor only $2\frac{7}{8}$ per cent., so that we were in 1885 paying

OVER ONE-THIRD MORE THAN THE UNITED STATES

for money, while in 1876 we only paid the same rates as did the United States. No doubt in 1885 money was somewhat cheaper, even for us than in Sir Richard Cartwright's time, the general rate of interest all over the world being much lower, but we had fallen so far behind the United States in credit that we had to pay one-third more for money than that country paid, although we were abreast of them in Sir Richard Cartwright's time. (Loud applause.) Thus you see that though we have to some extent shared in the advantage of the general reduction, we have not done so by any means, as far as we might have hoped under prudent administration; and why? Because the United States have been reducing, while we have been enormously increasing the amount of our public debt. And yet these gentlemen ask you

to give them credit for their management of the debt. I repudiate their claim, and so, I think, will you. (Loud and prolonged applause.)

TAXPAYERS' BURDENS.

THE FINANCES OF THE DOMINION.

Economy under Liberal Rule — Deficits and Rapidly Increasing Debt now going Hand in Hand—Some Startling Figures.

HON. EDWARD BLAKE, at Oakwood, speaking of the Public Debt and the deficits, said:—I observe that Mr. Thompson the other day said, referring to the Ministerial campaign, that "no one had been able to point to any statement made by one of the Ministers on the ground of its being untrue, or put before the people as misleading."

Now, I have already exposed several of the misstatements of these gentlemen. I am sorry to say a great many more are subject to these imputations. You have heard of the man who said to one boasting of his knowledge, that it would take a large book to hold the things he did not know. (Laughter.) It would take a much shorter time to give the correct than to give the incorrect statements of these gentlemen. (Renewed laughter.) I am not going this afternoon to attempt the almost interminable task. It would take all night, but I will take up just two or three, and on one single branch of the subject, finance; and by these you may

SAMPLE THE BULK.

Mr. Foster, at Wingham, said that under Grit rule Canada had to pay 6 per cent. interest on her loans, and to-day she could obtain all the money she wanted in Europe at 4 per cent. That statement is incorrect. Under Grit rule Canada had not to pay anything like 6 per cent.—(cheers.)—and under Conservative rule Canada has not obtained her money quite as low as 4 per cent. I have here a list which shows the character and the actual cost of every loan made since Confederation. Some of these were guaranteed loans, some mixed loans, partly guaranteed and partly unguaranteed, and some wholly unguaranteed. You know that loans, the repayment of which was guaranteed by the Imperial Govern-

ment, were negotiated at a lower rate of interest for the very same reason for which a man whose credit is not of the very highest class, can obtain accommodation at a lower rate of interest if he can get one or two good neighbours to endorse his note. When we have got the British Government to endorse our bonds we have obtained the money at about the same rate of interest that Great Britain can, and therefore you must make allowances in comparison.

Now, my statement, which has been prepared by an actuary, is on the basis of considering all the charges and allowances made

IN THE CASE OF EACH LOAN,

so as to arrive at the real cost to the country, the true rate of interest we pay on each. This is the result:—In 1868 Sir John Macdonald's Government issued a mixed loan, one-fourth guaranteed, costing $4\frac{1}{2}$ per cent.

In 1873 they issued a guaranteed loan, costing 3 11-12 per cent.

In 1874 Mr. Mackenzie's Government issued an unguaranteed loan, costing $4\frac{7}{8}$ per cent.

In 1875 they issued a mixed loan, three-fifths guaranteed, costing $4\frac{1}{2}$ per cent.

In 1876 they issued an unguaranteed loan, costing $4\frac{3}{4}$ per cent.

In 1878 they issued a mixed loan, one-half guaranteed, costing $4\frac{1}{2}$ per cent.

In 1879 Sir John Macdonald's Government issued an unguaranteed loan, costing $4\frac{1}{2}$ per cent.

In 1884 they issued a similar loan, costing 4 7-30 per cent.

In 1885 they issued a similar loan, costing 4 1-10 per cent.

In 1885 they renewed an old loan, at a cost of 4 1-12 per cent.

Thus you will see how far from correct was the statement of Mr. Foster. The Grits never paid anything approaching 6 per cent. for their loans, while the real cost of the lowest loans effected by the Tories was in truth somewhat over 4 per cent. But I quite admit that there has been a progressive, though far from rapid, diminution in the rate of interest on our loans. To what is that due? Those of you who have borrowed—not of course none of you have borrowed, but each of you knows a neighbour who has borrowed—(laughter)—and from his experience—(laughter)—you know that the rate of interest is greatly lower than it formerly was. It is lower all over the world, and why should not Canada get the benefit of the reduction, like the the rest of the world? But this Government, just as they have claimed credit for all the gifts of a kind Providence, have declared that this lowering of interest was all their doing. They

claim credit for all those benefits which they did not give the country.

THEY DENY RESPONSIBILITY

for all the calamities which they did bring upon the country. (Cheers.) But I am sorry to say we have not benefited from the lowered rate, like our neighbours. We have not benefited as we ought. I have shown elsewhere that in Sir R. Cartwright's time our credit was abreast of that of the United States; while Sir Leonard Tilley's large loan was issued at a cost which showed that, relatively, we had fallen behind, and that United States securities were at that later date worth far more than ours. Thus we have not had the full benefit of the general reduction. We have ground for complaint, and not for compliment. (Cheers.) How is it? Do you know why? The reason is largely to be found in the facts I am about to bring before you. While the United States have been clearing off their debt, we have been rolling up ours. If you will apply the lessons of your private life—or, rather, your neighbour's private life—(laughter)—you will see how surely this result must follow from this course. The more his debts roll up year after year, the worse his credit, and the higher, compared to the general current rates, are the rates he has to pay for money; while, if he is forehanded, if he is reducing his liabilities, and if he wants to borrow money to pay off some of his old debts, having reduced his total, he can borrow on the best current terms. So it has been with the United States. In 1865 the United States debt was \$391 per head of a family, counting five to a family, and for interest \$21.45. In 1886 the United States debt was \$120.70 per head of a family, or less than one-third; and for interest \$4.15, or less than one-fifth of the earlier charge. A sad contrast to our figures, even after making, as you should, some allowance for the largeness of State as compared with Provincial debts. Next, I wish to refer to a question partly of fact, partly of estimate. You know we were troubled in the days of Mr. Mackenzie with what used to cause not merely the rage and indignation, but also the sighs and tears of the Tories—(laughter)—they mourned over

THE DEFICITS,

and would not be comforted. (Laughter.) One would have supposed, from the long faces they drew, that they expected to have to pay these deficits out of their own pockets. (Renewed laughter.) But since enormous deficits have occurred under their own administration, they bear them with admirable patience, and even with great complacency. (Laughter.) They had a deficit in the year

before last of about two and a quarter millions. Last year the deficit was about \$5,900,000, or, in the two years, \$8,100,000. Now, Mr. White has complained that when I spoke of these deficits I forgot to tell the people that they were wholly due to the extraordinary expenditure caused by the rebellion. I did not forget; I abstained on purpose, and for a reason which may appear to Mr. White trifling and inadequate. I did not say so, only because it was not true. (Laughter.) That is all the poor excuse I have to offer. (Renewed laughter.) There was, as I told the people, a war expenditure in the two years of \$5,100,000. This leaves a deficit of \$3,000,000 beyond the war debt. (Cheers.) But I must add that I regard the war debt as the most scandalous and blamable of all. (Cheers.) Again, as to the deficit of last year, Mr. Thompson, who talks with great apparent precision, said the other day that for the first four months of the current year there was already a surplus in the treasury which more than half overtook the deficit of last year; and there was every reason to believe the Government would have entirely paid off the deficit of last year, and have a moderate surplus besides, instead of there being a deficit. Now, this statement of Mr. Thompson's was disingenuous and misleading. The bulk of the expenditures were made in the fifth month, November, and at the close of that month the apparent surplus was under \$1,100,000—(cheers)—only one-third of his figure for the fourth month. Now I mark the estimate of the Minister that during this year the deficit of last year, say \$5,900,000, is to be paid off, and a moderate further surplus realized. This means a surplus for this year of at least seven millions.

I STIGMATIZE THAT STATEMENT

as utterly destructive of any claim to attention of future estimates of the Minister. I shall be well pleased if we close the year with a surplus of one million, instead of seven millions. It is, of course, impossible to make very close calculations; but this of the Minister's is absurd and ridiculous. No one who has the slightest knowledge of our affairs, or has paid the slightest attention to the course of revenue and expenditure, or the current of trade, will be found to endorse his view. I advise you to reject it wholly; and I ask you to remember what I have said next summer and to compare the results with our respective forecasts. Now, as to the amount of our net debt, I have estimated it at about 220 millions, and have repeatedly challenged the statements of the Ministers, which are calculated to lead the people to believe that our net debt is only \$196,000,000. I have challenged them to open the public ledger, and declare the debt as of 1st July last, and as of later dates. They have seen my challenges—nay, they have

heard them; for I gave one of them in Belleville, in presence of Mr. Bowell, the Minister of Customs. (Applause.) But they continue their misleading statements. I repeat my challenge once again. I call you to note my statement, and to compare it with the facts as they will be disclosed. (Cheers.) I will give you

THE ELEMENTS OF MY ESTIMATE.

On May 1st, 1886, the Government declared the net debt to be \$205,569,263. On the same day they declared the deficit to be \$1,542,674. But on 30th June the deficit had increased by no less than \$4,322,880, involving that much addition to the net debt. Then we added \$10,189,000 to the net debt by relieving the Canadian Pacific Railway Company from so much of their secured indebtedness. These additions would make the net debt as of 1st July \$220,081,143. But there remain to be dealt with two conjectural items—conjectural, at least, for me, though these gentlemen have the figures. These items are, first, the increase during the last two months of the sinking fund, which tends, while it swells the deficit, to reduce the net debt; and, secondly, the capital expenditure for the last two months, which tends to increase the debt. I conjecture that the balance to be added to the net debt on account of these two items may be \$400,000 or \$500,000; and, if so, the net debt would be about \$220,500,000, and the addition for the year would be about \$24,000,000. Keep these figures in your minds, and compare them with the accounts. (Cheers.) Mr. Foster alleges that I made a very inaccurate statement on the subject of the burden of the debt on the heads of families. My statement at Galt was this:—

You must remember, in dealing with the net debt, that a large portion of our assets is dubious, and that were we to take a proper and strict account, on the basis of the amount we may expect to realize from the assets, the actual balance of debt would be much larger than it appears.

* * * * *

You must remember also, in considering the future of the debt, that we have contracted large railway and other engagement, rapidly maturing, which must necessarily increase its volume within a brief period.

I then estimated, apart from these considerations, the net debt at \$220,000,000. I went on to say:—

As to its real burden, within a very brief space, if you allow for the depreciation of assets and for the peremptory engagements I have mentioned, the real debt means, or will shortly mean, \$300 for every head of a family.

Therefore I was not then dealing with \$196,000,000, or even \$220,000,000. I was dealing with the latter sum

INCREASED BY THE ADDITIONS

I had indicated. (Applause.) Nor was I dealing, as Mr. Foster assumes, with a population of 4,700,000, or on the assumption of five to a family. I don't reckon the Western Indians as taxpayers; they only are tax consumers—(laughter)—nor do I reckon the Chinese as appreciable taxpayers. Besides, I think the population overestimated. Again, looking at the fecundity of the French, which alarms the *Mail* so much—(laughter)—I think five to a family rather under the mark. Therefore, in this estimate, I think myself right. But it is, of course, estimate only. Suppose Mr. Foster right. State the debt, as it is to be soon, at only \$220,000,000; assume the heads of families at 940,000; and even so you find a burden of \$234 per head, and for interest, at 4 per cent., \$9.36. This is bad enough in itself; and when compared with our neighbours it is worse. (Cheers.)

Now, I propose to give you a view of our financial course from another than the usual standpoint. We spend yearly large sums. They come from three sources, taxes, loans, and returns from public enterprises, etc., etc. I omit the last; and deal only with the first two; what we spend out of taxes and loans; what we pay out of our pockets as we go, and what we mortgage our estate for, to be repaid out of our pockets later, with interest meanwhile. I have here three tables, taken from the Government statistics, save for 1886, which is estimated. The first covers the five years, 1874 to 1878 inclusive, approximately Mr. Mackenzie's term; the second the next five years, 1879 to 1883, approximately Sir John Macdonald's first term; the third the three years, 1884 to 1886, approximately Sir John Macdonald's second term. Before I give you the results, let me remind you of the obvious fact that

A FINANCIAL POLICY

requires time to develop fully its effects; and that these will sometimes continue active for a season after the reversal of the policy. Thus established impulses towards, and plans for, economy, or for extravagance, are each felt for some time after the cessation of the active movement which they outlive. Therefore it is useful to look at the tendency of the expenditures in each series of years; to observe the general way in which they compare year after year, as well as the gross totals and the yearly averages. Such an examination will demonstrate very clearly the results of Mr. Mackenzie's efforts to save and of his successor's efforts to squander—(cheers)—each very successful, the last table evidencing the full development of the extravagant and ruinous policy of the Government. My first table is from 1874 to 1878:

MR. MACKENZIE'S TERM.

TABLE I.

Year.	Debt Increase.	Taxes.	Total.
1874.....	\$8,476,500	\$20,129,100	\$28,605,600
1875.....	7,683,400	20,664,800	28,348,200
1876.....	8,543,100	18,614,400	27,157,500
1877.....	8,683,700	27,697,900	26,361,600
1878.....	7,126,700	17,841,900	24,968,600
Totals.....	\$40,513,400	\$94,948,100	\$135,461,500
Averages.....	8,102,680	18,989,620	27,092,300

Now, dealing with this table, you will observe that the taxes during Mr. Mackenzie's term were ninety-five millions, or an average of nineteen millions a year, and, partly owing to diminished imports, but largely to the reduced values of merchandise, a smaller sum was collected in the latter than in the earlier part. The net debt created was forty and a half millions, or an average of \$8,100,000 a year; and it was least in his last year. The sum of taxes and debt was one hundred and thirty-five and a half millions, or an average of \$27,100,000 a year and it was steadily reduced every year, the last being \$3,700,000 less than the first. (Cheers.) Now I take my second table dealing with

SIR JOHN MACDONALD'S FIRST FIVE YEARS.

TABLE II.

	Debt, Increase or Decrease.	Taxes.	Total.
1879..... Inc.	\$2,628,100	\$18,476,600	\$21,104,700
1880..... Inc.	9,461,400	18,479,500	27,940,900
1881..... Inc.	2,944,100	23,942,100	26,886,200
1882..... Dec.	1,734,100	27,549,000	25,814,900
1883..... Inc.	4,805,000	29,269,600	34,074,600
Inc.	17,838,600		
Dec.	1,934,100		
Totals.....	\$18,104,500	\$117,716,800	\$135,821,300
Averages.....	3,620,900	23,543,300	27,164,000

During this term you see the taxes were \$117,700,000, or an average of \$23,540,000 a year, being an increase in taxes of \$22,-

700,000, and an average increase of \$4,540,000 a year over Mr. Mackenzie's term. This is bad enough, but the details make it worse, for during the first two years the taxes collected were only eighteen and a half millions yearly, and the whole increase and more was swept out of the people's pockets in the latter three years—1881 showing an increase over Mr. Mackenzie's average of 5 millions, 1882 of 8½ millions, and 1883 of 10¼ millions, in all about 24 millions, or an average excess of 8 millions a year, wrung out of your pockets by grinding taxation. (Cheers.) The candle was thus being burned very fast at one end. I am glad to say that during this term it was not being burned so fast at the other end. The full development of the policy was not equally rapid in all its parts.

THE FRUIT RIPENED MORE QUICKLY

on the tree of debt than on the tree of taxation. For a crop from that tree we must wait for the third term. During this second term the debt increased only \$18,200,000, or an average of \$3,620,000 a year. Of this the Tories boast, but you will see that the only difference is that a large part of the expenditure on capital account, formerly provided out of loans, was now met by taxes. (Applause.) This is shown by the aggregate results. They give a total of taxes and debt of \$135,800,000, or an average of \$27,160,000 a year; a little in excess of Mr. Mackenzie's average. But mark the sad contrast in the results year by year. Whereas during Mr. Mackenzie's time the sum of the yearly taxes and debts was falling, in this term a contrary result appears. (Cheers.) The first year, 1879, was controlled by the economical impulse of Mr. Mackenzie's policy, and the aggregate was only \$21,100,000; but by the end of that year the impulse had been overcome, and the impulse towards extravagance had succeeded; so that in the last year, 1883, the sum was 34 millions, or 13 millions in excess of Mr. Mackenzie's average. (Cheers.) And now I come to

THE THIRD TERM,

the last three years, when we reach the full development of the financial policy of the Government. The signs of what was coming were not hid from all of us. We Liberals warned you in 1878, before the trees were planted, but you allowed them to be planted. We warned you in 1882, when one had borne, and the other was ripening, its bitter fruits, but you would not cut them down. Rather, you ploughed about them and manured them, and refreshed their vigour. My figures for 1886 are, of course, estimates; but I have repeatedly challenged the Government to

state the facts and to deny my estimate of the debt if they could, and they are dumb. This is the third table:—

TABLE III.

Year.	Debt increase.	Taxes.	Total.
1884.....	\$23,695,100	\$25,483,100	\$49,178,200
1885.....	14,245,800	25,384,500	39,630,300
1886 (est.)...	24,000,000	25,217,000	49,217,000
Totals	\$61,940,900	\$76,084,600	\$138,025,500
Averages	20,646,900	25,361,200	46,008,100

Thus you see that the taxation for the last three years has been \$76,080,000, or an average of \$25,360,000 a year, being in excess of Mr. Mackenzie's average by \$6,360,000 a year, or one-third. (Applause.) There was thus an increase of \$19,000,000 in three years in the taxes, and in the last six years the increased taxation has been no less than forty-three millions. This again is bad enough, but again it is not the worst. Now, indeed, the candle is being burned at both ends with a vengeance. Besides paying all these taxes the debt has increased in the three years about sixty-two millions, making an average of \$20,650,000 a year as against \$8,100,000 a year in Mr. Mackenzie's time. It has grown at a rate $2\frac{1}{2}$ times as great. Had Mr. Mackenzie increased the debt at the same rate *his* account would have been 104 millions instead of 40 $\frac{1}{2}$ millions.

THE YEARLY CHARGE FOR INTEREST

thus created in three years has been over 2 $\frac{1}{2}$ millions, exclusive of sinking fund. The debt of the last three years is larger than the debt of the whole ten years before. So that while you have swollen taxes you have swollen debts as well. Now, what is the general result of this burning the candle at both ends? Why, this. The sum of taxes and loans for the last three years was 137 millions; it was more than the whole five years of Mr. Mackenzie's time. (Cheers.) It averaged \$46,000,000 a year, as against his average of \$27,100,000, or an average excess of \$18,900,000 a year, and the last year is worse, as it ranges at over 49 millions, as I estimate, for one single year. (Cheers.) THESE ARE THE RESULTS OF THAT POLICY OF RETRENCHMENT PROMISED IN 1878. THIS IS THE HAPPY CONTRAST BETWEEN THE LAVISH EXTRAVAGANCE OF MR. MACKENZIE AND THE PRUDENT ECONOMY OF HIS TORY SUCCESSORS. THIS IS THE FINANCIAL POLICY WHICH THEY ASK YOU TO APPROVE AND TO APPLAUD. (Loud cheers.)

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