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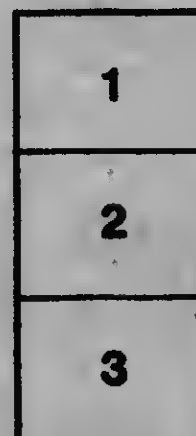
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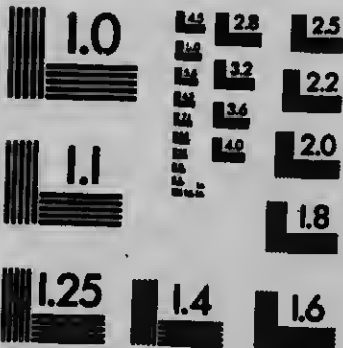
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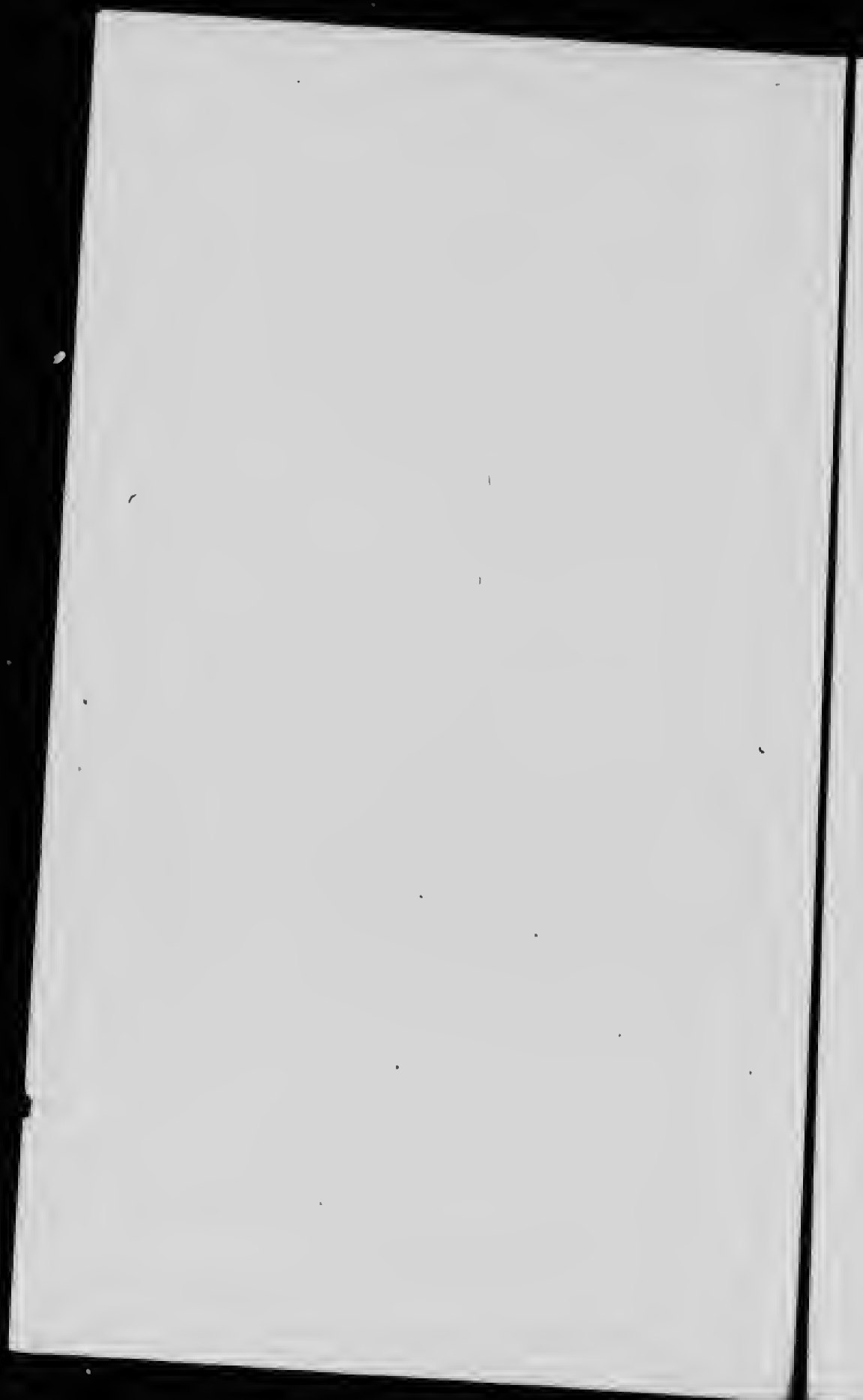
# FINANCES OF CANADA

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SPEECH OF  
HON. W. S. FIELDING  
MINISTER OF FINANCE

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HOUSE OF COMMONS, OTTAWA  
17TH JULY, 1908



# Finances of Canada.

SPEECH OF

HON. W. S. FIELDING, MINISTER OF FINANCE.

HOUSE OF COMMONS, OTTAWA, 17th JULY, 1908.

Hon. W. S. FIELDING (Minister of Finance). Mr. Speaker, the resolution which the hon. member for North Toronto (Mr. Foster) has placed in your hands may here and there have a touch of new colour, but, subject to that modification, I have to describe it as a very old and very familiar friend. Once upon a time there lived a foolish shepherd boy who fell into the very bad habit of amusing himself by trying to alarm his neighbors by crying 'wolf, wolf.' For a little while his neighbors were aroused by it, and they came out to see what the trouble was, and to render help to the lad if help should be needed. But every time they came out they found that the alarm was a false one, that the wolf did not come. It is no wonder that after a time they became rather tired and paid no attention to the cry of the foolish lad. But the little story has rather a sad ending. At last one day the wolf did come; they paid no attention to the cry of the boy, and the wolf fell upon the innocent lambs and destroyed them. It is not likely that the wolf will come, financially speaking, to this country, that anything will occur which will really alarm the financial world in regard to the affairs of Canada, so long as my hon. friend stays where he is and we, on this side, stay where we are. But if perchance the wolf in that way should ever come, and if my hon. friend should raise the cry, no attention would be paid to him, because all concerned would remember that for twelve long weary years he had cried out 'wolf, wolf' when there was no wolf.

## Crying Wolf for Twelve Years.

For twelve years my hon. friend has been the prophet of gloom, for twelve years he has been painting these dreadful pictures of what must happen to this fated country if my right hon. friend the Prime Minister (Sir Wilfrid Laurier) and his colleagues should remain in power. From the beginning of the career of this government the hon. gentleman adopted the wolf policy. This government came into power in the summer of 1896, and there was a summer session a few weeks later. There was no time to prepare a policy. All that the government did was to take up the estimates prepared by their predecessors, with some slight modifications amounting to very little, place these estimates before the House and ask the House to approve of them, reserving until the coming session, to be held a few months afterwards, the declaration of the policy which the new government should desire to announce. One would think that, under conditions of that character, there would have been very little cause for alarm. The policy of hon. gentlemen opposite remained in force, the estimates which were brought down to the House were substantially their estimates, and one would have thought that they would have allowed them to pass with little or no comment. But no; the wolf policy was adopted from the beginning, and before this government had been more than a few weeks in power the hon. gentleman raised the very same cry of 'wolf, wolf,' which he has been repeating

every year for the last twelve years. Let me show my hon. friend the evidence of that. If time permitted to make quotations to show that that was the policy of hon. gentlemen every session, it would not be without interest, but I do not want to do that. During the very first session, before this government had had time to proclaim or arrange any policy, when we were just simply taking the estimates as my hon. friend had left them, I find that even at that time the hon. gentleman pictured to us a gloomy outlook:

"The Finance Minister looks out upon a future in as normal condition as it well can be, and he deliberately asks this House, with a revenue of less than \$37,000,000 to sanction an expenditure of \$44,000,000, with supplementary estimates to come down, . . . \$44,000,000 will be nearly \$8,000,000 more than the total revenue that can be expected during the present year."

The leader of the opposition of that day, the veteran Sir Charles Tupper, was more alarming yet. His was a bigger wolf than my hon. friend's. He said on that occasion that our statement of the position:

"Involved the expenditure of millions of money more than he (the Finance Minister) can show any expectation of obtaining."

He said further that the Minister of Finance—

— "Was about to expend something like \$10,000,000 more than he has any reason to expect to receive."

My hon. friend from North Toronto was a little more moderate. He said \$8,000,000, but the leader of the opposition of that day saw a larger wolf, and he said that this government was preparing for a deficit in that year of \$10,000,000. Then the veteran Sir Charles said at the same time that we were preparing to destroy the credit of the country, which had been so well established under the administration of himself and his friends. What was the result? In due time the supplementary estimates, which Sir Charles referred to came down, the accounts were closed, and we had the result before us. What was it? Did we have the \$8,000,000 of a deficit which my hon. friend said was staring us in the face? Did we have the \$10,000,000 deficit that the veteran Sir Charles Tupper saw facing us? Just as loudly as my hon. friend declares it now, that hon. gentleman said that we were going to have a shortage of \$8,000,000 and just as loudly Sir Charles Tupper declared that there would be a shortage of \$10,000,000. If there had been a shortage of \$10,000,000 at that time it would not have been anything that we had need to be ashamed of. It was not our year; there was not time to mature a policy; we simply took the estimates of our predecessors, with some slight changes, and carried them through the House. If we had a large deficit that year, it would have been something for which our predecessors were as much responsible as we were. But what happened? Was there a deficit of \$8,000,000? Was there a deficit of \$10,000,000? Did the wolf come? No, it did not come to the extent of \$8,000,000 or \$10,000,000, or \$1,000,000, but there was a deficit of only \$519,000. These hon. gentlemen cried 'wolf, wolf,' but the wolf did not come. That was the end of the era of deficits and the beginning of the Liberal era of surpluses.

Their prophecies as to the public credit were put to the test. The hon. gentleman to-night discussed the public credit, and I may take occasion to allude to that further on, but on the occasion to which I have referred, in that first year the veteran leader of the opposition, Sir Charles Tupper, declared that we were entering upon a condition which would destroy public credit. A few months later I had the honour to go to England to float a loan, and that loan was admittedly the best loan that had ever been obtained in the history of Canada. We were able at that time to put on the market, for the first time in



colonial history, a loan bearing the low rate of 2½ per cent interest, and which sold at a price to make it unquestionably the best loan in the history of Canada. So that no wolf came to the credit of Canada on that occasion. Then we come to the session of 1897, and again we find my hon. friend indulging in his prophecies of gloom:

"They are going on the straight road towards piling up millions . . . but each year."

It would have been a dreadful thing if we had done that. Well, we would just have been following my hon. friend's example, for that is exactly what he did on a very large scale. However, I do not want to discuss that at this moment. I may refer to it in a few minutes. We did not have the presence of my hon. friend in the House during the years from 1900 to 1905, but his mantle as a prophet of evil fell upon others, and hardly a session passed that we did not have a melancholy resolution like the one you now hold in your hand, Mr. Speaker, and a gloomy speech like that with which my hon. friend has favoured us to-night. Then we came to the year 1901, when we were approaching the elections, just as my hon. friend thinks we are to-night, and possibly he is right. I find that at that time the gentleman on whom his mantle descended spoke as follows. The hon. gentleman referred to is not in the House just now:

"Now I believe this country is going to get relief. . . . but the people will secure relief as soon as they are given opportunity."

How much that sounds like my hon. friend to-night?

"For here is a record that cannot be presented to a population . . . without making certain the condemnation of those who have made the record."

It was another cry of 'wolf, wolf.' The election came on soon after that, all the melancholy resolutions of my hon. friend's friends were discussed throughout the country from ocean to ocean, and the result was that the record which he said was so sure to be condemned was approved by the intelligent electors of this country. Then in the next session we had the honour to have with us again my hon. friend (Mr. Foster) and again he entered upon this business of predicting disaster.

#### The Increase of Revenue

In 1905 my hon. friend felt it his duty then as now to issue some solemn warnings. The revenue of that year was \$71,186,072 and he warned us that in his opinion the revenue had reached probably its highest point. To use his words: 'The buoyant point of our revenue had about reached its maximum.' But it was \$71,000,000 then and it continued to rise until it rose above \$96,000,000. Here was another cry of 'wolf, wolf,' but the wolf did not come. My hon. friend (Mr. Foster) has proceeded on the same lines to-night; he has gathered up the estimates and appropriations in every shape and form: he takes the main estimates and the supplementary estimates, and the consolidated fund, and the capital, and the railway subsidies, and the guarantees and everything in the world that he can possibly put in to swell what he calls, this appalling presentation of the facts. Well, some of these are proper subjects to be included in our budget of expenditure, but the hon. gentleman rolls all things up as he did in former years so as to convey the impression to the people of Canada that there is some dreadful disaster coming upon them, and he must not be surprised, if judging by the past, the people of Canada refuse to take him seriously.

#### Conservatives Asking for Larger Expenditures.

I observe that my hon. friend and those associated with him are quite ready to denounce expenditures generally, but there are moments

when they take saner views. It is easy enough to be general in these denunciations, but the best and fairest way is to approach this question from the point of view of the particular locality with which we are best acquainted. It is easy to declare that you ought to be economical in one province if you want somewhat extravagant expenditures in your own. It is easy to find fault with expenditures at a distance, but when one goes to the locality with which he is best acquainted he is obliged to take saner views. And so while hon. gentlemen opposite can see no reason for this large expenditure generally, the moment they come to think of their own counties they are able to declare that these expenditures are highly necessary. Take for example the expenditure in the Militia Department. During the session repeated allusions have been made to the rather liberal expenditure, as it is said, we are making in that department. Is it not curious that at the very moment these gentlemen opposite are denouncing the Minister of Public Works and the Minister of Militia for the expenditure in their departments in connection with the militia of Canada, we find my respected friend from Halton (Mr. Henderson)—who is snoring so peacefully just now—

Mr. HENDERSON, Oh, no.

Mr. FIELDING. What is to be thought of my hon. friend (Mr. Henderson), who, while he is going to vote for this resolution against expenditures generally, thinks the Minister of Public Works should build an armoury at Oakville in his own county? My hon. friend from Marquette (Mr. Roche)—whom I do not see in his place—joins in this general condemnation of expenditure, and particularly on the militia, but he wants us to build him an armoury at Minnedosa. The hon. member for Beauharnois (Mr. Bergeron) would like to have an armoury at Valleyfield. The chief whip of the opposition (Mr. Taylor) no doubt will vote for this amendment; he is against expenditure, but he quietly whispers in the ear of the Minister of Public Works: Send us along an appropriation for an armoury at Gananoque. The hon. member for East Elgin (Mr. Marshall) is going to vote for this amendment, but he would like a drill hall at Aylmer West. The hon. member for East Simcoe (Mr. Bennett) wants an armoury at Orillia, and the hon. member for Prince Edward (Mr. Alcorn) thinks we should have an armoury at Picton, while the gallant colonel from Victoria-Halliburton (Mr. Sam. Hughes) insists that there should be an armoury in the county he represents. And so we find that hon. gentlemen opposite are against expenditures; but when it comes down to expenditure in their own constituencies they are just as anxious for it as anybody else.

We are putting a good deal of money into improvement of harbours and rivers, and perhaps there is no class of expenditure which hon. gentlemen opposite so generally condemn. But, when they come to consider the matter from the home point of view they see it in quite a different light. My hon. friend from West Hastings (Mr. Porter) is very anxious for improvements at Belleville harbour; the hon. member for Kent (Mr. Clements) wants improvements on the Thames river; the hon. member for Alberta (Mr. Herron) wants a breakwater in Maelcod; the hon. member for East Grey (Mr. Sproule) also wants harbour improvements; the hon. member for East Northumberland (Mr. Owen) wants a wharf and a shed beside in his constituency. Then the hon. members from New Brunswick, (Mr. Crockett and Mr. Fowler) while they are prepared to condemn expenditures generally, they particularly serve notice on the Minister of Public Works that they want more money for wharfs on the St. John river and the inland waters of their province. The hon. members from Prince Edward Island (Mr. Martin, Mr. McLean and Mr. Lefurgey), are champions of economy when you are speaking generally, but all the same they serve notice upon us that they want

harbour improvements, and breakwaters, and piers and wharfs, and in addition to that they venture to say they would like to have a tunnel. My hon. friend from St. John (Mr. Daniel) has spoken with gratification of the amount of money we are spending in improving the harbour of that important port, and he informs the Minister of Public Works that he had better go on with his expenditure because St. John needs more. My hon. friend from Jacques Cartier (Mr. Monk)—if he were here to-night I suppose he would vote for this amendment—he does not want us to spend money on wharfs and so forth in Nova Scotia, but he thinks it highly important that a wharf should be built at Laehine in his own constituency. The hon. gentleman (Mr. Monk) is very anxious for economy generally, but at the same time he serves notice upon the Department of Marine and Fisheries that no effort must be spared to deepen the channel of the St. Lawrence so that there will be 30 feet clear navigation from Montreal to the ocean, and more than that, he has again and again condemned this government because we have not made a rush order of the report of the Transportation Commission which calls for expenditures running up to possibly \$100,000,000. And so I might follow through the long list.

An hon. MEMBER. Go on.

Mr. FIELDING. The list is too long and the time too brief—Oh yes, I had nearly forgotten that in the midst of professions of economy the other evening, most of the western members sitting on your left Mr. Speaker, wanted this government to buy up all elevators in the North-west Territories. And the hon. gentleman from North Toronto (Mr. Foster) has given evidence of his idea of economy to-night, when, in the midst of this thundering against the expenditures, we find him advocating that we should spend probably two millions more by adding to the salaries of the civil servants.

My hon. friend who usually sits near the hon. member for North Toronto is not there to-night—I refer to the hon. member for South Lenoek (Mr. Haggart)—but as a rule he is unceasing in his demand that we shall at the earliest possible moment enter upon the construction of the Georgian Bay canal which will cost \$100,000,000. I mention these things because I think they prove that the denunciations which hon. gentlemen opposite hurl in their speeches, and in their resolutions such as the one we have before us to-night, are not to be taken very seriously. As I have said, it is easy to denounce expenditures generally; but when hon. gentlemen come to look at home and see the needs of their own communities, and the demands made on this government from all parts of the country, they have to realize, as we have to realize in this growing time, that there are needs which the government have to meet and which the government will meet in the right spirit. Some of the demands to which I have referred are perhaps not unreasonable; some of them certainly will bear postponement to a later day; but many of the things asked for in this way are fair and reasonable, and it will be the duty of the government from year to year to endeavour to meet every demand of this character. I say, therefore, that when our hon. friends indulge in this general denunciation of the extravagance of the government, the people will bear in mind that while that is the course these hon. gentlemen pursue when dealing with the matter generally, when they come to deal with it from the point of view of their own needs or the needs of their constituents, they realize as well as we do the need of these increasing expenditures.

#### Railway Subsidies.

Now one trick in which my hon. friend from North Toronto indulges frequently—end he is doing it tonight—is to roll up in his budget

the votes for railway subsidies in addition to the ordinary appropriations, and he appears to think that by putting these big figures before the country he can create alarm. Now let us look for a moment at the history of a railway subsidy; how does it generally come about? There is a section of the country where there is either no railway at all or inadequate railway facilities, and the people make up their mind that they would like to have a railway. They have not any very clear idea of how it can be brought about, and so they come and ask the government to help them. The government, finding that there is a field for a railway in that part of the country, agree to give a subsidy for it if the people can find a company to do the work; and then the subsidy, perhaps a million dollars, is put into the votes, and the hon. gentleman adds it to the bill which he puts before the House at the close of the session. Perhaps two or three years pass and nothing is done. The people are discouraged, and they send a deputation down here to say that they had hoped that somebody was going to build the road, but they have been disappointed, and they hope that the government will renew the subsidy for another term. Again the subsidy appears in the estimates, and again my hon. friend puts it in his bill, though it has not cost the government a penny. At the end of the second term, perhaps a company comes along and says, we think there is a chance of doing business, and if you will renew the subsidy, we will build the road. So the subsidy is brought down again, and my hon. friend for the third time puts it into his bill of expenditures. By and by the company undertakes the work and makes some progress; but it probably finds that it cannot finish it within the specified time. It comes and says to the government, give us this subsidy for a further term and we will complete the road; and the Minister of Railways puts it among the railway subsidies for the fourth time and for the fourth time the hon. gentleman has a chance of adding it in his bill. Not one dollar of the subsidy has been paid out of the public treasury, but my hon. friend has had plenty of fun in adding a million dollars to his budget every year. I have taken a list of the railway subsidies voted from 1899 down to 1906, and I find that during that time they amounted to \$39,131,159. Now according to the annual bill which my hon. friend presents, we must have spent that amount; but the actual fact is that the expenditure on railway subsidies during that whole period was just \$18,319,000, or much less than one-half of the amount of the subsidies voted. So that when my hon. friend is adding these sums to his bill of expenditures every year, he is creating needless alarm; it is another cry of wolf, where there is no wolf.

#### Public Debt—a Comparison.

Then my hon. friend becomes much disturbed about the condition of the public debt of Canada, constantly conveying the impression that there has been some alarming addition to it. Now, there is no foundation for any statement of the kind; on the contrary, the debt statement which this government is able to present is of the most gratifying character. The increase of the net debt from 1878 to 1896, a period of 18 years during which our Conservative friends were in power, was \$118,135,000; that is, an average of a little more than six and a half millions per annum. The increase of the net debt from 1897 down to the close of the last fiscal year under this government, a period of eleven and three-fourth years, including a considerable sum for the Transcontinental Railway, is \$19,474,376. The average increase per year under the Conservative government was \$6,563,000; the average increase per year under this government was \$1,657,393. That is the best possible answer to the inference my hon. friend seeks to draw, that we have added largely to the public debt. But there is another way of viewing

the public debt. The public debt is only a burden in proportion to the number of people who have to bear it. If Canada should have a population of twenty millions instead of what she has to-day, her public debt would be almost insignificant. The true test of the public debt is not merely the amount of it; it is the proportion in which it has increased as compared with its increase in the previous history of the country, and the proportion which it bears to the population of the country. I have made up a statement of the net debt per head, beginning with the year 1891, and coming down to the close of the last fiscal year, and it is as follows:

Year	Net debt per head.
1891.....	\$49.09
1892.....	49.15
1893.....	48.98
1894.....	49.40
1895.....	50.57
1896.....	50.82

This was the point at which the debt per head stood when this government came into power. Now we come to the latter years:

Year.	Net debt per-head.
1897.....	\$ 50.87
1898.....	50.77
1899.....	50.62
1900.....	49.88
1901.....	49.84
1902.....	49.59
1903.....	46.84
1904.....	45.74
1905.....	45.63
1906.....	44.63
1907 (to March 31) .....	42.84
1908 (to March 31) .....	40.50

#### Our Population Close to Seven Millions.

The census authority of Canada, whose figures I have quoted, has made his estimate of the population of Canada, as it stood on the 31st of March last past, being the end of the fiscal year; he has applied his usual method of computation, allowing for the natural increase of population and taking into account the immigration, of which we have carefully compiled records, and the statement made by the statistician is that on March 31, the population of Canada was 6,863,500. If that statement be correct, and it is given by the statistician as being prepared in the usual way, the net debt per head of Canada on March 31 last was \$40.50 per head against \$50.82 on the day when my right hon. friend (Sir Wilfrid Laurier) assumed office.

#### Capital and Special Expenditure.

Sometimes it is said: 'Oh, well, but this government have had good luck, and have not spent much money outside of the ordinary routine; they have been able to show a surplus in that way.' I have had an examination made of the expenditures outside of what we call consolidated fund, that is what is called the capital and special expenditure—all those things that are not charged to ordinary consolidated fund. I find that in the eighteen years, from 1878 to 1896, this special expenditure, capital and other expenditure, apart from the consolidated fund, amounted

to \$167,166,252. In eleven and three-quarter years, from 1897 to March 31, 1908, the expenditure on this account has been \$162,542,277. It will be seen that we expended during our eleven and three-quarter years on that class of expenditure pretty nearly as much as our predecessors did in their eighteen years. In that respect we stand about even. If you put it on the average, we have spent much more than they did on these expenditures outside of consolidated fund. But observe that at the same time there is a marked difference in the two periods as respects the public debt. The Liberals provided more generously for the public service, as I have shown, but to a large extent they paid their way. Our Conservative friends spent large sums in expenditures of the character I spoke of, but they added them largely to the public debt. Although there was \$167,000,000 of capital and special expenditure during the eighteen years of our Conservative friends, they paid but a small part from the revenue and added \$118,000,000 to the public debt. Of the \$162,000,000 which we have spent on this capital and special expenditure we added to the public debt only \$19,000,000 and we paid out of our ordinary revenue \$143,000,000, adding, as I have said, only \$19,000,000 to the public debt, while they in their period added \$118,000,000 to the public debt.

The hon. member for North Toronto has made a reference to the rates of interest we have been paying and to the obligations we are likely to have to assume. His remarks, to some extent, were a repetition of a statement he made outside of this House at an early period of this session. I took note of it at the time, but there did not seem to be a favourable opportunity to call his attention to it. In a speech at Hamilton, shortly after the opening of the session, I find him reported as follows in the Mail:

"They (the government) have marched up to a point where a debt of \$100,000,000 must be paid in two years, and Mr. Fielding has made no provision to meet it."

My first point in reply is that my hon. friend magnified, in an enormous degree, the debt which is maturing. He does not seem to think it necessary to speak on these grave matters with that sense of responsibility which should attach to him as a former Minister of Finance. A very much less sum will have to be met within the time named. He proceeds:

"Instead he (Mr. Fielding) was paying as high as 7 per cent. to the bank of England for the use of money. The highest that he (Mr. Foster) ever paid was two and seven-eighths per cent."

That was an extraordinary statement for my hon. friend to make, if he did make it. We have not paid 7 per cent. for any money. He should be aware of that from information given in the House.

Mr. FOSTER. In the first place, I do not think I ever said that the highest I paid was 2-7-8 per cent., because I know exactly what I did pay. It is reported in the newspaper, and the newspaper does its office as best it can, but sometimes it will not get it right. The information I had was that you were paying the Bank of England rate, and the Bank of England rate at the time I spoke was 7 per cent.

#### Concerning Temporary Loans.

Mr. FIELDING. That might justify my hon. friend at that time, but not to-night. The information has since been given to the House that we did not pay 7 per cent. If it has escaped my hon. friend's notice, it is a pity, because I thought he was present, and the point was important. As I have said, he might have been justified in his statement then, but he would have been fairer if he had said that if we were paying 7 per cent., we paid it under an arrangement which he himself made. The

agreement of my hon. friend is a fair agreement; I am not assailing him for it. The agreement was that on overdrafts which we might have from the bank of our financial agents in England, we should pay the current Bank of England rate. It is a fair and reasonable arrangement. But at that particular time there was a panic condition in the country. My hon. friend should have stated in fairness that the rate was entirely exceptional, and should have stated the nature of the arrangement under which it was made, but he did not. Had the bank insisted upon the letter of the arrangement as it had existed for some years, they could have demanded 7 per cent., but I was able by negotiations with the bank to secure a reduction of that even at that panic period to 6 per cent., and so stated in the House, and if that escaped his notice, I can understand his repeating the statement to-night. However that may be, we did not pay 7 per cent., although if we had done so, it would have been under an old arrangement, which, as a rule, is fair and reasonable. My hon. friend is quoted as saying he never paid more than 2 7-8 per cent. It must be evident that my hon. friend must have made some such statement, and that to the great disadvantage of his successor.

I do not feel very much concerned about the matter from a personal point of view, and I do not suppose my hon. friend does—neither of us is anxious to blow his own horn. But, when the effect of his criticism would be to bring discredit upon the finances of Canada, I think I have a right to complain. And I think he did not put that matter as fairly as he should have done. If he thinks it important that any comparisons be made in that respect, I can only say that I think this government had no reason to be afraid of those comparisons. The hon. gentleman had many transactions—properly and necessarily—in the way of temporary loans. There are records of fifty-four transactions in the way of temporary loans. Some were for moderate sums and some for sums running up to \$3,000,000 and \$4,000,000. In not one of these transactions did he obtain the rate of interest mentioned in the Hamilton speech according to the 'Mail and Empire.' In several of them, the rate was 4½ per cent; in fifty-two out of fifty-four, the rate was 4 per cent. or upwards. In only two out of that long list of transactions was the rate below 4 per cent. One was made at 3½ per cent. and one at 3 per cent. Now, the lowest rate of interest ever obtained on a temporary loan by the Dominion treasury was not obtained by my hon. friend as his remarks would imply. If there is any credit—I do not attach the utmost importance to it, but I have a right to reply to the hon. member's criticism—let it be stated that the lowest rate of interest was not obtained either by the hon. gentleman himself or by any of his predecessors, but by the present administration, for we have borrowed money as low as a fraction above 2 per cent. for a time. But I should not confine myself to the hon. gentleman's temporary loans. He says the 'Mail and Empire' did not report him correctly; but he evidently made comparisons between the success of his own loans and the lack of success of his successor's loans—if he did not mean that, I do not see the purpose he had in view.

#### Public Loan..

I have made an examination of the public loans made in the time of my hon. friend. In no case, either for a temporary or for a permanent loan, did he ever obtain the rate of interest stated in the speech at Hamilton, as reported. I have the record before me, and I find that the lowest rate of interest ever obtained by him—and it was a fair rate, and I am not complaining of it—was in 1894, when he issued a loan of £2,250,000 at 3 per cent. and running for forty-three and three-quarter years, for which he obtained £97, 9s. 2d. for every £100 of stock. The net rate of interest was 3.16 per cent.—over 3 1-8. Now, my hon. friend



insists on making comparisons, so let me call attention to a loan issued by the present government in 1897 for £2,000,000 at the extraordinarily low rate of  $2\frac{1}{2}$  per cent, sold at a discount, of course, but at a price which made the net interest 2.86 per cent., a little less than 2 7-8. So he will see that, in his management of the finances, he never obtained loans on as favourable terms as he says he did, and the present Finance Minister never paid the rate of interest which was charged by my hon. friend.

#### Taxation.

Now, on the question of taxation, the hon. gentleman has revamped the old story of the amount of taxes the people pay. It is a curious fact that there are times when the more taxes the people pay the better off they are. That may seem an extraordinary statement, but it is an absolute fact in the sense in which I give it; it is a fact when the people pay an increased tax, not by virtue of increase of tariff, but by virtue of their own increased ability to buy, due to the greater prosperity of the country. I have been called upon to discuss that before with my hon. friend. Let us bring it down to the individual. Here, for instance, is a labouring man; in 1896, he only paid a tax of \$5, but in 1906 or 1907, he pays a tax of \$8 or \$9. Why did he pay only \$5 in 1896? Because the times were hard and wages were low, and his purchasing power was not great. He could only afford to wear one suit of clothes, and so he paid only a small tax. But in 1906, times were good, wages were high, and employment was steady; the man was earning more money, and he could afford to buy two suits of clothes that year. The increased taxation that he paid is evidence that the man was better off. Which of these two years would be the better one to that man? Would he prefer to go back to 1896, when he could only afford to buy one suit of clothes and pay but a small tax? Or would he prefer the better days of 1906, when, through the better times, regular employment and higher wages, he was able to afford two suits, and was well able and willing to pay the tax?

#### Grand Trunk Pacific.

My hon. friend entered into a discussion of Grand Trunk Pacific affairs. I shall not follow him in that; I gave my views on that to the House the other day, and covered most of the points which the hon. gentleman has referred to to-night. If I can see any special purpose in his address, some special point that can be stated as the summing up of it, I think it is this: that we should not have commenced the Transcontinental at the time we did. I take issue with my hon. friend, and I believe the country is with me and against him. I believe that in view of the tremendous development in the west which is now in progress, the results of which we are seeing year after year, we did not begin the Grand Trunk Pacific one year too soon. I believe there is not a man who voted for the Grand Trunk Pacific scheme in 1904 who would not as freely have voted for it if he had thought that the cost was going to be more than was then supposed. The hon. gentleman is virtuously indignant about the cost of the road. What could any public man do in such a matter but go to some experienced engineer and take his advice? That is what we did. The estimates we presented were the estimates of the eminent engineer, Mr. Schreiber, the long-experienced and well-trusted chief engineer of railways and canals. And when my hon. friend speaks of it as a 'silly' thing to present these estimates to the House, I humbly submit that the opinion of Collingwood Schreiber on a matter of that character is almost as good as that of my hon. friend from North Toronto (Mr. Foster). The road is costing more, to some extent, as the Minister



of Railways (Mr. Graham) showed, because, though we were looking for a good road, the commissioners had given us even a better road than we were aiming to get. The road is well built. And it is well known that economy is not always gained by cheapness of construction. It pays to build a road well. There are great railways built and running to-day which realize that mistakes were made in former years when the roads were too lightly built, with curves and grades that were not what they should have been. And untold millions are being spent all over the continent of America to overcome difficulties of that character. By making a good road, by bringing your grades down to the finest point, by giving us such a road as we are getting in the National Transcontinental, we are doing the best thing to cheapen the transportation of the country. And if the people of Canada have put into that road one dollar more than they thought they would need to do in 1903, they realize that they will get the benefit of that dollar in the cheaper transportation which will come to them as long as grass shall grow and water run.

#### Canadian Credit.

My hon. friend has much to say and is very much alarmed about the credit of Canada. He thinks some dreadful things are going to happen. I again remind my hon. friend that there is not a sentiment in his speech to-night that is not to be found in the speeches of Sir Charles Tupper and himself in the year 1896, and in their speeches of the years following. It is an old, old story of the dreadful things that are going to happen, but which never do happen. My hon. friend talks of the credit of Canada to-day as suffering. But away back in 1896, the illustrious leader of the Conservative party said just the same thing. Now there are some foolish ideas about the credit of Canada. One respected member of this House who had not given the matter much consideration, though he is usually well informed, solemnly advanced the argument one day in the course of discussion that because we borrowed money some years ago for 3 per cent. or less, and have since paid as high as 4 per cent., and sometimes higher, therefore the credit of the country was going to the dogs. Well, that is a foolish argument. Money is a commodity which, like other commodities, rises and falls in value; whenever you find an abundance of money, money is cheap, and when you find money scarce, then money is dear. Now, if we want to make comparisons of the credit of Canada, there is abundant material to enable us to do so. The true way to test the credit of Canada is not to ask how much we paid years ago and how much we pay now, but how much did we pay years ago in comparison with some standard security, and how much do we pay now in comparison with the same standard security. Now the highest standard security is the British consols, of which I may say something later. Let me make a comparison now with that very high class security known in financial worlds as India government stocks as quoted in London. In 1896, India 3 per cent. stock at its highest quotation was 115, and the Canada 3 per cent. stock at its highest quotation was 107. There was a difference against Canada of 8 points. Turn to the situation now. In recent quotations, the highest for India 3 per cent. stock was 93, while the highest for Canadian 3 per cent. stock is 97. So we have this position, that in 1896 Canada was 8 points worse than India; in this present year, Canada is 4 points better than India government stock. Now if we make a similar comparison with the great corporation stocks of London, which are of very high class, it will be found, if you make the same comparison, that Canada has come closer to them, and is often on even terms, but certainly very much closer to them than in 1896, and that is a true comparison.

Why, Sir, so strong has been the credit of Canada in that respect that we have been able to secure from the British government, under this Liberal administration, a great financial concession which my hon. friend laboured in vain to secure in his day. I do not say that he is to blame because he did not secure it; he and his colleagues made the best effort they could. Again and again they pointed out that the Canadian stocks were not admitted to the trustee list, that is to say, that people who held trust money in England were not allowed by the laws of England to buy Canadian stocks, and that diminished our field of buyers. Again and again the late government, and especially Sir Charles Tupper, laboured to secure admission of our stocks to the trustee list, but he laboured in vain. But after this government came into power—whatever other cause there may be, and I am not here to blow the trumpet of this government, but merely to defend them and put their case fairly—turn to the record, and you will find to-day that after the administration of a few years of Liberal government, and consequent on the great progress that was coming to Canada, with the finest development, with the higher position Canada was taking in the eyes of the world, this Liberal government was able to secure for Canada that great boon that the Conservative government tried in vain to obtain.

Not very long ago, and this has a very important bearing on the credit of Canada, a member of the British parliament put on the Order Paper a question to Mr. Asquith, who had not then left the position of Chancellor of the Exchequer. This member of parliament called the attention of Mr. Asquith to the fact that Canadian 3 per cents stood at a higher price than some of the securities guaranteed by the Imperial government, and he wished Mr. Asquith to explain how it was. Mr. Asquith was not willing to admit that, on a close calculation, there was that discrimination against guaranteed securities of the Imperial authorities. But at all events, we had this fact, that the two securities were so close together that there was a dispute between financial men in the British parliament as to whether the guaranteed securities of Great Britain or the securities of Canada occupied the highest place.

#### Increased Expenditure Accounted For.

Now with regard to this question of increase generally, I must say that my hon. friend is really not wise when he imagines that the people of Canada are going to be deceived by his comparisons between what happens now and what happened in 1896 with regard to the expenditures of public money. The conditions certainly have changed. There was an old Canada in 1896; a new Canada has grown up since then. I think it was Sir William Van Horne, who has a habit of saying quaint things, who said that Canada had been living on a back street for a long time. Canada no longer lives on a back street. Canada has moved up on to the main street, and has her sign out, and the public know to-day that Canada is one of the rising nations, that Canada is becoming rapidly one of the great countries of the world. This has not been accomplished without some expenditure. Does any man imagine that the country is going to stand still? If my hon. friend wants to talk of increased expenditures, let me call attention to the following comparative statement for the years 1896 and 1906:

Service.	EXPENDITURE.			REVENUE.		
	1896	1906	Increase.	1896	1906	Increase.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Post Office....	3,605,011 30	4,921,577 22	1,256,565 92	2,964,014 23	5,933,342 53	2,969,328 30
Railways and Canals, Collec- tion of Re- venue.....	3,826,225 51	8,779,677 46	4,953,451 95	3,480,217 10	8,058,620 73	4,578,403 54
Excise.....	470,869 86	555,923 25	85,053 39	7,926,005 94	14,010,220 30	6,084,214 36
Customs.....	896,332 50	1,548,384 08	552,051 58	19,766,741 48	46,064,597 89	26,297,856 41
Totals.....	8,858,439 17	15,805,562 01	6,947,122 84	34,136,978 84	74,066,781 45	39,929,802 61

In regard to the Post Office, note the magnificent revenue of a little under \$6,000,000 as compared with the revenue in 1890 of \$3,600,000. I have taken a ten-year period. The figures of later dates are somewhat larger. Then in regard to Railways and Canals. In the year 1890, we only received a revenue of \$3,480,000, but in 1906 we received \$8,058,000. While these figures show a deficit on the road, and while they show a large increase of expenditure, the account is balanced by a large increase of revenue. Take the Excise Department. In 1896, we admit that there was only spent by our predecessors \$470,809, and that the expenditure increased in 1906 to \$555,923, but in 1896 they collected under \$8,000,000, and in 1906 this government collected over \$14,000,000 of revenue. Though there was no increase in expense to the country, there was an enormous increase of revenue. Take the Department of Customs. In 1896, the then Minister of Customs expended \$890,000, and we have to admit that ten years later the expenditure was \$1,548,000. But the revenue which was collected by the Department of Customs in 1896 was \$19,000,000, while the revenue which my hon. friend, the present Minister of Customs (Mr. Paterson) collected in 1906 was \$40,000,000. So my hon. friend ought in all fairness, when he tells the people about this enormous increase in expenditure, to also tell them that in many of the departments these expenditures are met by corresponding increases in revenue. In regard to increases of expenditure generally, nobody expects that the Dominion of Canada is going to stand still. The increase in expenditures has had something to do—it has had much to do—with the increased development that has come upon this Dominion. If we had not built railways in various parts of the country, could there have been that development? Could the Crow's Nest country have been developed if we had not put money into that railway by large and liberal subsidies? Could the western prairies have been filled up as they have been with immigrants from other lands if we had not spent money on immigration and the building up of our railways? Surely it must be evident that when we are spending these sums of money, we are contributing to the development of the country.

#### **A Policy for the Whole Country.**

The needs of the country are large and varied. The west needs railways to open up the country; the lake and St. Lawrence districts need river and harbour improvements, and the maritime provinces require breakwaters and wharfs to facilitate trade and to protect the lives and property of the mariners and fishermen. At one point, a public building is required to give reasonable accommodation to the public business; at another point an armoury is required in response to the military enthusiasm of the people. Those who wish to be sectional will see only their own need, and not be willing to see the need of others. It will not do to make comparisons in that way. The duty of the government is to see the needs of the whole country. My hon. friend from North Toronto on one occasion made reference to our spending moneys at the little places in Canada. Sir, the mass of the people of Canada live in the little places. The needs of the cities are great, and we are not unmindful of their interests, but whence come their progress and prosperity, if not from the hamlets and villages scattered throughout the country, in which originate the trade which passes through the great cities? The needs of the country are great, and we are not forgetful of the great works or the little ones either. We are building the Transcontinental Railway, and we are going to push on to completion this work which interests the whole country from ocean to ocean. We are going to build the Hudson Bay Railway, and thus realize the expectations of the people of the west. We are providing for the various needs

of the country according to their respective requirements. It is the duty of a government, Sir, not to be sectional, not to think of this particular place or that, but to take a broad look throughout the whole country and adapt its policy to its needs. That is the policy which this government has followed. We look back to-night with pride and pleasure upon the twelve years of Liberal administration, upon the results of this policy we have adopted, and in the face of the splendid record which any Liberal candidate can present to an audience in any part of Canada. I do not hesitate to say, Sir, that that policy will continue to command the support of an intelligent and patriotic people.

