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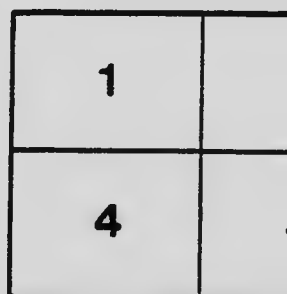
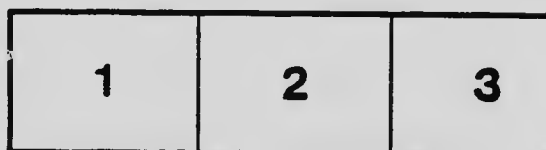
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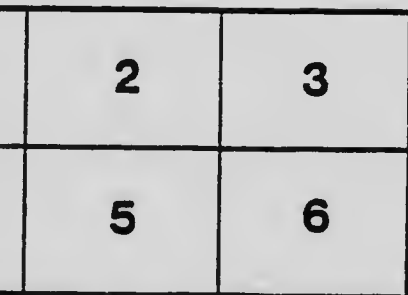
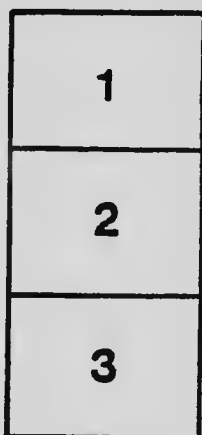
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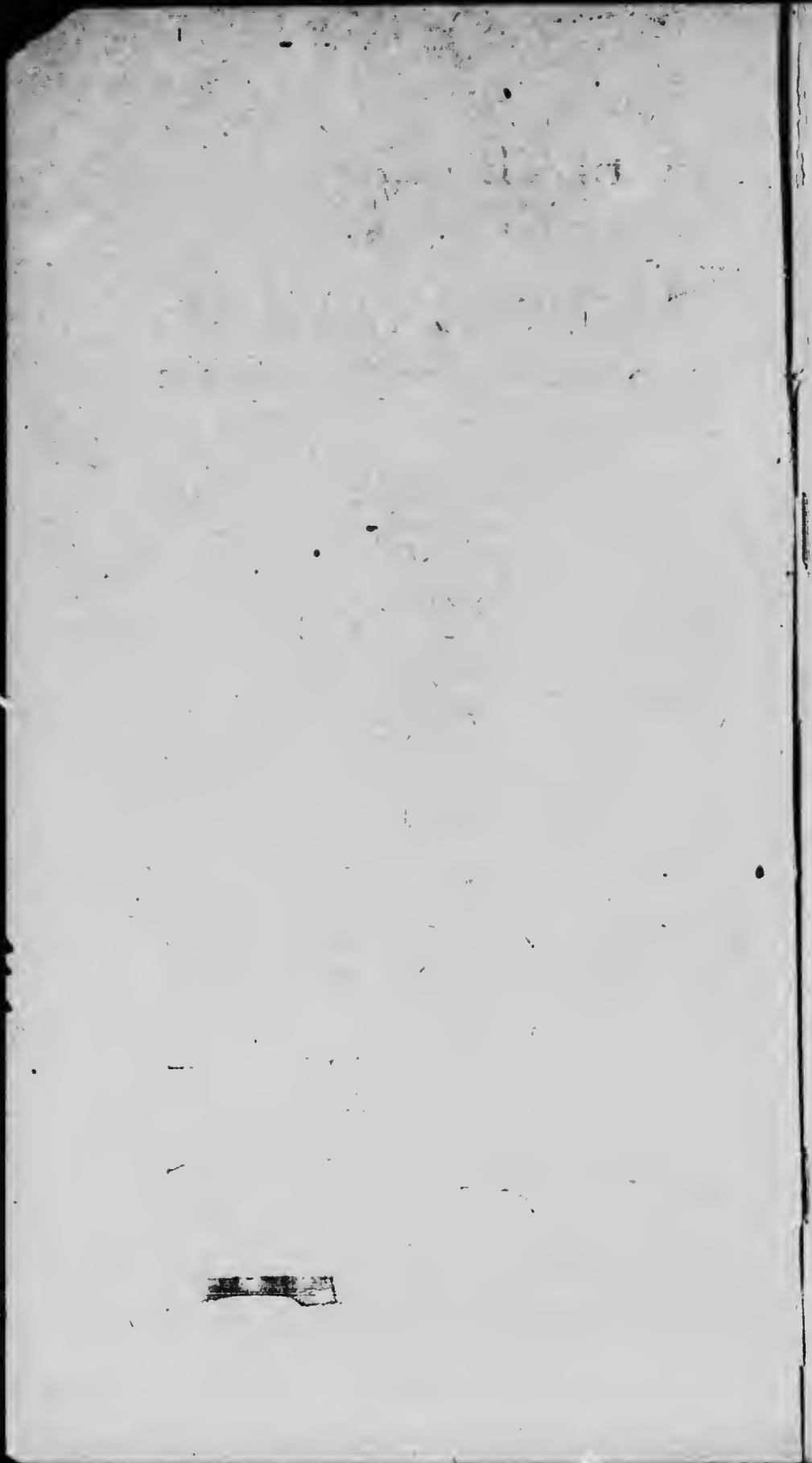
1907

Twelve Years of Prudent Administration.

12

**A Definite and Consistent
Policy and a Government
in Touch with Conditions
Resulting in Marvellous
and Continued Expansion**

SOME EXTRACTS FROM RECENT PARLIAMENTARY SPEECHES.



TWELVE YEARS OF PRUDENT ADMINISTRATION

Some Extracts from Recent Parliamentary Speeches.

R. R. HALL, M.P.

Extract from speech on moving the Address in reply to the Speech from the Throne, delivered in the House of Commons, Dec. 2, 1907.

GROWTH UNDER LIBERAL REGIME.

In the year 1896, our present First Minister, the Right Hon. Sir Wilfrid Laurier, and his party were elected to office and given control of the destinies of this country. Let me now compare the progress which Canada made in the eighteen years when the late government was in office with that which this country made since 1896 under Liberal regime. In 1878, the total trade of Canada amounted to \$172,405,454. In 1896, it had grown to \$239,025,360. Thus, during the whole eighteen years of Conservative Government the total increase of Canadian trade was \$66,619,906. Then, taking our trade for the year ending June 30, 1907, I find that it amounted to \$617,964,952, or an increase in eleven years of \$376,939,592. That is to say, comparing the last eleven years with the previous eighteen years the average increase in Canadian trade has been nine times as great in the latter period as what it was in the former.

TRADE WITH BRITAIN.

The trade between Canada and Great Britain has also increased in a most remarkable extent in the last eleven years compared with the previous eighteen years. The increase from 1878 to 1896 amounted to \$16,297,311 whereas the increase from 1896 to 1907 has amounted to \$117,319,460. Therefore, the increase in the latter period has been eleven times as great as it was during the previous eighteen years.

TRADE WITH UNITED STATES.

Our trade with the United States has increased twelve times as much during the last eleven years as it did during the previous eighteen years.

The trade of Canada still continues to develop. Take the four months previous to October 31, 1906, and we find that our trade amounted in the aggregate to \$215,196,190. Compare that with the four months ending October 31, 1907, and you find that our trade in the latter period amounted to \$246,592,497. Thus, it is clear that during the four months ending October 31, 1907, compared with the corresponding four months of 1906, our trade has increased \$31,396,307.

CAUSES OF GROWTH.

What are the causes of this enormous growth? This growth is certainly due in a very marked degree to the wise and prudent administration of this government. To that administration must be largely attributed the successful development of our resources, the rapid peopling of our Northwest, the increasing of our transportation facilities the improvement of our canals and harbours, the deepening of our waterways, the improvement of the St. Lawrence ship channel, the improvement in transportation of perishable goods, the improvement of our terminal facilities, and our ocean steamship service, the establishment of a trade commissioners' service outside of Canada on a broad business-like basis. These are some of the causes set in motion by this government which have resulted in this great expansion of trade.

FINANCIAL ADMINISTRATION.

It must also be a cause of pride and satisfaction to our people to know that this wonderful advancement in our trade has been brought about without in any way increasing our NATIONAL DEBT. In 1896, the national debt of Canada amounted to \$258,497,432. Down to March 31, 1907, it amounted to \$263,671,859, being an increase of but little over \$5,000,000 since 1896. During the previous eighteen years our trade increased only some \$66,000,000, but our national debt increased during that period \$118,000,000. Just compare the two. During the last eleven years under the present government our increase in trade amounts to \$378,000,000, and the increase in our national debt is but \$5,000,000. — Had the same proportion continued between the increase in trade and the increase in the national debt in the last eleven years as during the previous eighteen years, our national debt would have increased upwards of \$600,000,000.

Notwithstanding the fact that we have embarked upon the construction of a national transcontinental railway, and have spent large sums during the past nine months on capital account on the improvement of our public works and canals, even to the extent of over \$14,000,000, our public accounts show a surplus, notwithstanding all this expenditure on

capital account of \$3,300,000 to apply on the national debt. Therefore, so far as the financial position of Canada is concerned, I do not think anyone can seriously find any fault with it.

DECREASE IN DEBT PER HEAD.

It is another matter of pride and satisfaction to know that our debt per head which, in 1896, was \$50.71, is to-day only \$40.00 per head. It is quite true that in the working out of this wonderful expansive policy our annual expenditure has increased, but it is satisfactory to know that our revenue has likewise increased.

JUDICIOUS EXPENDITURE.

I have said that this great growth of Canada's trade has largely been brought about by the judicious expenditure of public money. Let me give an illustration to show how money can be judiciously expended and our annual expenditure increased with the result that Canada will reap considerable profit from the investment.

TRADE WITH MEXICO.

Take for instance our trade with Mexico. In 1896 our total trade with Mexico was \$37,876, and in 1907 it was \$1,137,784. This great increase in our trade with Mexico has been brought about largely by the establishment, on July 21, 1905, of a steamship service on the Atlantic between Canada and Mexico. I notice that on May 1, 1907, a steamship service with Mexico was established on the Pacific, also. In 1905, our total trade with Mexico was \$175,593, and in 1907, as I have already stated, it was \$1,137,784, or over six times as great as it was only two years ago. The establishment of steamship service is but one of many illustrations that might be given of how wise expenditures made by this government contribute toward the growth of Canada.

THE FRIEND OF THE FARMER.

Another illustration that might be given of the remarkable growth of Canada is seen in the results of the excellent work done by the Department of Agriculture in improving our transportation facilities and in other ways. In 1906, we sent cheese to Great Britain to the amount of \$14,000,000, but in 1907, our exports of cheese to Great Britain amounted to \$25,000,000, an increase of almost 100 per cent. One fact that shows very clearly the proud position that Canada occupies in the British market is that our export of cheese to that market amounted to nearly three times as much as that of Holland and the United States combined. There is no doubt that the application of the principle of cold storage to our railways, our terminal facilities and our steamship lines has enabled Canada to send to Great Britain immense quantities of butter, fruit and other kinds of perishable goods. The Department of Agriculture seems

to have proceeded in its work upon the confident belief that if we preserve our perishable goods efficiently and transport them cheaply, increase in our trade will follow as naturally as day follows night.

GROWTH OF IMMIGRATION.

One of the most remarkable features of Canada's advancement is the growth of our immigration. During the eighteen years before this government took office, it was a deplorable thing that so many of our farmers' sons and mechanics left Canada to go to the United States and other fields, seeking more profitable employment and more rapid advancement in life than could be found at home. In 1896, the total immigration into Canada was only 21,716. It was a deplorable fact that, down to that time, the majority of people coming from across the Atlantic to Canada passed through Canada to find homes in the United States. In 1907, the total immigration to Canada amounted to upwards of 250,000. From March 31, 1907, until the end of October, a period of seven months, no fewer than 211,359 people have come to Canada, or 50,297 more than during the same period last year. I observe, by the returns, that the majority of these immigrants are from Great Britain and Ireland. We are always glad to see people from Great Britain and Ireland come to make their homes in Canada. We also find that many of these immigrants come from the continent of Europe. I am sure that every Canadian welcomes these immigrants from the continent of Europe, provided they come with sound bodies and sound minds. We heartily welcome any citizens who come from the good old land of France; not as many have come from France within the last few years as I would like to see.

IMPROVED POSTAL FACILITIES.

Another feature this government has every reason to be proud of is its management of the Post Office Department. In 1896, there was a deficit of \$700,000 in the administration of the Post Office Department. For the present year, there will be a surplus of \$1,000,000, and this result has been brought about not by cutting down or starving the service in any way, but through judicious and able management. Since 1896, there have been great reductions in our postal rates as well as great extensions in our system. The rapid development of the west has made enormous demands upon the government for the increase of new mail services and the establishment of new post offices. An increase of pay to the amount of ten per cent. was granted to our postmasters by the former Postmaster General, and still further increases have been granted by the present head of the department. Better postal facilities have been established between Great Britain and Canada. Until a few years ago the postal rate to Great Britain was 5 cents per ounce; then it was cut down to 2 cents per half-ounce, and now it is 2 cents per ounce. The establishment of mail delivery in our cities of over 10,000 population is also a marked improvement

in the administration of our postal service. So that, I think, in looking at the management of the Post Office, we cannot but regard it as having been most efficiently, and most economically carried on.

TRANSPORTATION.

The growth and development of the Canadian Transportation System, especially in regard to our railways is also a feature of our national life of which we have every reason to be proud. In 1896, we had 16,270 miles of railways; in 1906, our railway lines increased to 21,353 miles. We find that the freight carried in 1906 showed an increase over that carried in 1896 of no less than 33,000,000 tons, and there were 13,000,000 more passengers carried in 1906 than in 1896.

The freight carried on our canals was three million tons greater in 1906 than it was in 1896.

NEW TRANSCONTINENTAL

If there is one thing more than another on which the people of Canada can congratulate themselves, it is the fact that the National Transcontinental Railway and the Grand Trunk Pacific are making such remarkable progress toward completion, notwithstanding the many difficulties which confront them, both in securing the necessary labour to construct them and in carrying supplies to points on the construction route so remote from those touched by existing railway lines.

The government could not have taken any better course in the interest of Canada, notwithstanding all the embarrassments that were thrown in their way, than the construction of the Transcontinental Railway. It has given employment to a large number of people who are coming into this country, as well as to those already in. It is also the fact that the port of New York is very much congested. The handling of traffic at that port, it is agreed upon all hands, is becoming exceedingly expensive. Mr. J. J. Hill in an interview with the Montreal Gazette, said:

New York has reached the climax of her commercial supremacy. . . . The cost of everything relating to trade and commerce has increased here beyond the point of profit . . . Traffic cannot be dammed up. It will seek an outlet somewhere, by going around the edges or making for itself entirely new channels.

There are two outlets for the west possible of development besides New York and the adjacent ports. One is through Canada, down the St. Lawrence, and the other down the Mississippi to New Orleans.

Therefore, so far as Canada is concerned, it was with wisdom and foresight that the construction of the Grand Trunk Pacific, or the National Transcontinental Railway was undertaken. It will make certain that Canadian trade will be carried through Canadian ports.

CANADA'S PROUD POSITION.

While Canada's trade has increased as it has done from all these causes, at the same time, in looking to other great commercial countries of the world, it is important for us to realize where Canada stands. We find that Great Britain's trade between 1895 and 1906, increased 53 per cent., that of France increased 53½ per cent., that of Germany 87 per cent., that of the United States 100 per cent., and that of Canada 170 per cent. That is a proud and remarkable position for Canada to occupy among the great commercial countries of the world. She stands second place upon the list of all the commercial nations in the growth and expansion of her trade. There is but one other nation that occupies the unique position of having a greater trade expansion than Canada, and that is Japan. It is also, a satisfaction to know that although Japan stands at the head of the list in the growth and expansion of its trade, with a population of upwards of forty-four millions, yet Canada with a population of only six-millions actually has a greater volume of trade by over fifty-four millions than that of Japan. It must further be remembered that the expansion of the trade of Canada has been wholly in the art of peace, whereas a large part of Japan's trade has been in munitions of war.

RIGHT HON. SIR WILFRID LAURIER.

Extracts from speech during the debate on the Address in reply to the Speech from the Throne, delivered in the House of Commons, Dec. 2, 1907

THE CONSERVATIVE PLATFORM.

The year 1907 has seen many important events. It has seen, for instance, the construction of the New Platform for the New Conservative Party. I have read that platform with some care. And I must say in all candour to my hon. friend that in my humble judgment, it is a remarkable structure. It is not remarkable, however, for the quality which one would look for in such a document or in such a structure, but rather for the very reverse. It is remarkable not for its solidity, but for its elasticity. It was built, not of oak, but of India rubber. Its planks are not the ordinary boards, but nameless, shapeless things, intended to contract or expand according to time, place and circumstances. Having read that platform with some care, I do not think I am at all unduly severe if I say that, in my humble judgment, almost every proposition advanced in it is coupled with a qualification—coupled with an "if" or a "but", which makes it susceptible of a double interpretation. Every idea is combatted by the succeeding one. Every step forward is followed by a step backward. And in the task of expounding it, of explaining what it means, my hon. friend reminded me very much of a caged squirrel always in motion, but always revolving in a circle and accomplishing nothing.

AN UNHAPPY FAMILY.

Some surprise has been expressed because the party were not called together in convention to discuss the political situation, to exchange views, to give advice as to what should be the policy of the party from a Conservative standpoint. But my hon. friend, the leader of the opposition knew very well that if he were to draw the party together in council, if he were to bring my hon. friend from South York (Mr. W. F. Maclean), and my hon. friend from West Toronto (Mr. Osler) together on a question of the ownership of public utilities, if he were to bring together my hon. friend from Brantford (Mr. Cockshutt) and some of my hon. friends, whom I see opposite me, coming from the western provinces, on a question of protection, he would have anything but a harmonious deliberative assembly. He would have an assembly in which all the demons of discord would be let loose and which would become a veritable pandemonium. So my hon. friend thought it better to frame a policy himself. And he framed it in such sibylline terms that everybody could find in it, as in the oracles of old, whatever suited his own convictions, passions and prejudices.

CONSERVATIVES AND PROTECTION.

Now, one would expect that in a platform of the Conservative party, the word "protection" would be writ very large indeed. But in this platform the word "protection" is writ very small, so small indeed that it is not visible to the naked eye. I do not pretend, however, that the idea is not there. It is there but so hidden that it is impossible to find it without great effort. The word "protection" has always occupied such a prominent position in the councils and the policy of the party that one cannot conceive how in this document it could have been omitted. It could not have been omitted accidentally.

There are protectionists in the city of Toronto, and in some other places who would have the tariff raised as high as Haman's gallows, and in the west there are protectionists who would have the tariff brought so low that protection would not be distinguishable from free trade. And between these two factions my hon. friend hesitated. But my hon. friend managed to give good hope to the one and to the other without committing himself to either. Some few years ago my hon. friend did give us his idea of what protection ought to be—that it ought to be "adequate" protection. But it would appear that in the course of time, and according to experience, "adequate" protection became inadequate. Therefore, under the work of commentators on the party platform adequate protection has given way to "reasonable" protection. But what is reasonable protection and what is unreasonable protection no commentator has yet told us, and where the line is to be drawn between reasonable and unreasonable protection we are left to surmise. But my hon. friend simply ignored the difficulty and told us not what his policy was, but what his policy would be. These are the words of my hon. friend.

We, therefore, stand for a fiscal policy which will promote the production within Canada of all useful articles and commodities that can be advantageously manufactured or produced from or by means of our natural resources, having due regard to the interests of the consumer as well as to the just claims of our wage-earning population.

THE GOVERNMENT OWNERSHIP PLANK.

Next to the fiscal policy, the most important plank, if I may say so, which has been introduced into the platform by my hon. friend, is that dealing with the Government ownership of public utilities. So far as the question of government ownerships of railways is concerned, my hon. friend's utterances have been singularly inconclusive and delusive. He has said enough to give hope to the ardent, the enthusiastic, the unthinking, but he has tried to avoid committing himself absolutely. And in order that I may not do any injustice to my hon. friend by giving my own version of his speeches let me quote the words of the Halifax speech, the one in which this platform was announced. I will quote from the report in the Halifax "Herald".

Whether or not state ownership and operation of railways can be made a success in Canada remains to be determined. State ownership is repeatedly challenged because of incompetent or corrupt administration, and there does not seem to be much argument against it. Let us not forget that all private enterprises afford instances of failure or incapacity. The denial of our capacity to operate successfully a great public railway from the Atlantic to the Pacific seems no less than the denial of our capacity for self-government. Shall all private enterprises be condemned because of business failure or corrupt methods? Are we to renounce our right of self-government because of repeated acts of maladministration, because of political graft, because of Saskatchewan Valley land deals and grazing lease scandals? And last, but not least, are we to hand over our Government railways to private corporations because their management has been very greatly discredited?

Speaking for myself, I believe that state ownership is no more to be condemned for error of administration than is the general principle of self-government. The remedy is to amend the methods.

WHAT IT MEANS

Now, Sir, if this language means anything it simply means that government ownership is a broad principle which ought to be adopted by the party and by the country, as it has already been adopted by the hon. member for South York (Mr. Maclean). If this language carried any weight, if it carried conviction, then such was the conclusion of those who heard it; but such was not the conclusion of him who

used the language. After he had given a plethora of arguments in favour of government ownership, after he had stated that the denial of our capacity to operate successfully a great public railway from the Atlantic to the Pacific seems no less than the denial of our capacity of self-government—after he had stated that “speaking for myself I believe, that state ownership is no more to be condemned for errors of administration, than is the general principle of self-government”—when he had reached that climax, when he had soared almost to the sun, suddenly his pinions gave way, suddenly his heart sank within him. And what was his conclusion with regard to government ownership? Simply that the Intercolonial should be put under a commission. And for that I will quote the very language of my hon. friend. After having given these preliminary arguments this is the conclusion of the Halifax platform:

We stand for the operation and management of our railways by an independent commission free from partisan control or interference.

Is this all that was expected by those hon. gentlemen supporting him and applauding him? Was that what the hon. gentleman was ready to commit himself to? Yes, that was as far as he went. But in this instance, as in the other instances he wanted to please all parties; he made an argument for the hon. member for South York (Mr. W. F. Maclean), and drew a conclusion for the member for West Toronto (Mr. Osler).

THE SINS OF CORPORATIONS.

But this matter is too serious to allow of any equivocation. The truth is that corporations, like all other human institutions, are a mixture of good and evil. The truth is that while they are important and render great service to the country, on the other hand they have very serious blemishes. The truth is also that corporations have been one of the most potent agencies of modern civilization in the creation and distribution of wealth amongst all classes of the community. It is undeniable, even the hon. member for South York, who almost daily declares himself the enemy of corporations, and especially of railway corporations, cannot deny that corporate capital, corporate labour, corporate effort, will do more than could ever be accomplished by individual effort. What are corporations after all? Corporations are simply aggregations of economic forces, and it stands to reason that aggregations will always accomplish more than individual effort.

It is also undeniable that whilst corporations have done a great deal of good in this way, railway corporations especially have become such enormous organizations as to constitute a possible menace to the state. It is equally undeniable that corporations cannot escape the reproach of having been often actuated by greed and of having disregarded the interests they were created to serve. If such be the situation, and I think I have correctly described it, it is clear that it is the duty of the legislature to interfere.

But in what sense and to what extent is the problem? The hon. member for South York says, down with corporations, down with railway corporations, and let the state itself provide this kind of service for the public. The hon. leader of the opposition argues one way and concludes another way, and therefore, he falls into the hands of the hon. member for South York. But a person who looks at the question calmly and dispassionately must come to the conclusion that the interests which are served to-day by private enterprise are better served than they possibly could be by the state.

THE TRUE REMEDY.

The true remedy, I apprehend, is not to entrust railways to state management, but it is to leave them to corporations subject to the control of parliament, who will see that they properly discharge the duties they are called upon to discharge in the public interest. Sir, I do not hesitate to say for my part that if the policy of the hon. member for South York were adopted, it would be a calamity to this country.

I say to my hon. friend that if you remove the incentive of ambition and emulation from public enterprises, you suppress progress, you condemn the community to stagnation and immobility. But what is the remedy after all? Suppress private enterprise, no, but subject the company to control through the government and through parliament.

Therefore, on this question I have this to say to my friends on the other side of the House: WE KNOW WHERE WE ARE AT THE PRESENT TIME; THEY STAND FOR NATIONAL GOVERNMENT OPERATION OF RAILWAYS, AND WE STAND FOR THE CONTROL OF RAILWAYS BY THE GOVERNMENT AND BY PARLIAMENT.

RE TELEPHONES AND TELEGRAPHS.

In regard to telephones and telegraphs the remarks of my hon. friend also have been just as elusive as his remarks about railway ownership. But, in order to do him no injustice, I will quote what he said upon this part of his programme;

It has been demonstrated in Great Britain that telegraphs and telephones can be successfully operated in connection with the Post Office Department. I see no reason why a similar system should not be inaugurated and carried out successfully in Canada. Few people realize that at the present time Canada owns and operates 6,586 miles of telegraph lines. These lines have not been remunerative for the reason that they have been established in thinly settled portions of the country, where private enterprise could find no adequate return. If we are prepared to invest national capital in thinly peopled and unremunerative localities, why should we hesitate in those portions of the country where operations can be carried on at a profit? I do not forget the necessity that our great railways must be equipped with telegraph and

telephones lines, nor do I forget the principle of justice to invested capital which I have already invoked. Having regard to these considerations, our policy should include the establishment, after due investigation, of a great system of national telegraphs and telephones under conditions which shall be just to capital already invested in these enterprises.

Why, Sir, the central argument which is found in this paragraph is simply this, that because at the present time we have some 6,000 miles of telegraph lines which are unproductive, which bring no return, therefore we should have telegraph lines in those parts of the country where we can expect a return. Could anything be more fallacious? It is quite true that we have 6,000 miles of telegraph lines, and if we have it is not from choice, it is not because we favour that policy, but we have built these telegraph lines where no company would build them because there was no return to be had from them. We built them simply on account of the national ends to be attained

MR. BORDEN'S SILENCE.

What does my hon. friend mean? Does he mean that we are going to expropriate existing telegraph lines? As to this my hon. friend is silent. Does he mean that we are going to build rival telegraph lines? As to this my hon. friend is equally silent. In fact, to this conundrum silence is the best answer that he can give. However, in one statement he is perfectly clear. It is that before we commit ourselves to such a programme there should be due investigation.

The last report of the Postmaster-General of Great Britain, Mr. Baxton, has shown that the British Post Office, instead of reaping a handsome profit annually from the operation of its telegraph and telephone service, last year lost 5 cents on every message in its telegraph department; while its telephone service was doing business at 20 per cent. less than cost. Upon this point, as upon the other, we on this side of the House have to say that the remedy for this situation—and a remedy is called for because we must have legislation upon this subject—is not government ownership as advocated by my hon. friend, but private ownership and government control. Our intention simply is that we shall introduce legislation to increase the power of the Commission which exists at the present time, to increase its membership as well and to give it control over the telegraph and telephone as it already has over the railways.

JAPANESE IMMIGRATION

I have said that Mr. Borden pandered to local prejudices on the question of Japanese immigration. Speaking in this city recently Mr. Borden said "that the views of the people of the west ought to be accepted with respect to a solution of this question." But I say that this question is not at all a question for British Columbia alone, it is a question which interests the whole people of Canada, whether

In the east, west or centre. It is a Canadian question. Nay, it is an Imperial question—and the reason is this: Japan is no longer a nation that we can treat with contempt or indifference. Oriental nations have been long dormant but they are now waking; Japan indeed is fully awake and Japan insists on being treated as one of the civilized countries of the world. That is not all: Japan is an ally of His Majesty the King. This alliance was completed some fifteen years ago after due deliberation, and if to-day, which God forbid, there was to be a war in the Orient, or in the Pacific ocean in which it would be the fortune of Britain to be engaged, the heroic Japanese fleet would be by the side of the British fleet. This is not all: we have a commercial treaty with Japan; that treaty was urged upon us from all sides it was approved in this House without a word of dissent. To-day we are enjoying the advantages of this treaty, we are selling goods to the Japanese, we are selling flour, we are selling lumber, we are selling cattle; and these goods do not come from British Columbia alone, they come from the province of Ontario, and all other provinces of the Dominion. At this moment Ontario is sending cattle to Japan.

Why, Sir, is that treaty of no use? What is the position of British Columbia to-day? British Columbia has no neighbour except the Orient. It has several growing cities—Vancouver, Victoria, Prince Rupert within a few years, all with magnificent harbours, all hoping to develop a large trade. With what country are they going to trade? Where is their trade coming from to-day? I venture to say that the greater part of that trade, the imports at all events, comes from the Orient. This a good reason why we should retain good relations with Japan, and the suggestion that we should repeal the treaty is a suggestion that is not conceived in the best spirit that should prevail on an important question like that.

CLEAN ELECTIONS.

I agree with my hon. friend in his concluding remarks when he said that there has been too much money spent in elections and that it was advisable to restrict that expenditure as much as possible. But if it be the object of my hon. friend to have clean politics, is it clean politics to have this question of the British Columbia subsidy, which was settled by this conference, re-opened again? Does my hon. friend call that clean politics when he went to British Columbia and said to Mr. McBride: "Just as soon as I am in office, I shall re-open this question and give you the increased subsidy you ask for." If that be clean politics, in the opinion of my hon. friend, I think we had better let the electors of this country judge between us.

We have been eleven years in office.

I have no doubt—indeed I am quite sure—that we have made many mistakes and have committed many errors. But when the time comes at the end of this parliament, to go before our judges, for my part I shall submit with confidence our record with all its mistakes and errors against the wild schemes of the new, though still self-styled Conservative party.

HON. W. S. FIELDING

Extracts from speech during the debate on the Address in reply to the Speech from the Throne delivered in the House of Commons, Dec. 3, 1907.

FINANCIAL ADMINISTRATION.

It seems to me Mr. Speaker, that my hon. friends, the Opposition, have a strong dislike to any mention of surpluses. A surplus, when mentioned by a Liberal, seems to start them up at once to arms. Well, we must make allowance for the hon. gentlemen. They did not have very much to boast of in the way of surpluses in their own day, and it seems they look with displeasure upon the record of their successors, who have been in the happy position of being able to present an excellent financial record to the country.

I have here a few summarized statements on the surplus question, and I take two periods of eleven years. This government having been eleven years in office, I take eleven years of the period of our predecessors, which is a fair comparison. I find that during the eleven years of Conservative government prior to their retirement, they had total surpluses amounting to \$9,594,000. But then they had deficits of over \$12,339,000, so that they had an average deficit during the whole eleven years of \$249,000. Now I turn to the record of the last eleven years, and I find that we have had, during these eleven years, making allowance for the one deficit which occurred at the beginning of our term, surpluses amounting to more than \$94,000,000. The total surplus is \$94,000,000, and after deducting \$519,000 we have net surplus for that period of \$93,626,000.

EXPENDITURE ON CAPITAL ACCOUNT.

Reference has been made to the use to which surpluses might be put. The surplus in a country like Canada is understood to be the amount by which the revenue exceeds the charges on consolidated fund, which is the ordinary, everyday expenditure. But there are special expenditures; there are large expenditures on what is called capital account. Now then, we have been able to take these surpluses which have been very large, and we have been able to apply them to paying off what would otherwise have been an addition to the public debt. I find that for eleven years, from 1886 to 1896, there were special expenditures, outside of ordinary railway routine, and in the last eleven years of the Conservative government these special expenditures amounted to a little over \$80,000,000 above the ordinary charges. The Conservative government had to provide for these moneys, and how did they provide for them? They provided for them by charging \$62,000,000 of the \$80,000,000 to the public debt account of the country, and left that \$62,000,000 to bear interest for future years. We have had, in our eleven years of office, large charges of that character; we have had to provide for capital and special expenditures amounting to

\$127,000,000, over and above the ordinary expenses of the country, and we have provided out of our daily receipts every dollar of that except \$5,000,000. When the Conservative government, with \$80,000,000 of capital expenditure, had to charge \$62,000,000 to the public debt, and when you find that the present government, with \$127,000,000 capital expenditure, have only added \$5,000,000 to the public debt, I think there is a record to which our side may occasionally refer with pride.

RATE OF TAXATION REDUCED.

We are told that the rate of taxation of the country has been enormously increased. But if we take the total imports of goods, either including or excluding coin and bullion, you will find that there is a material reduction in the rate of taxation now as compared with 1896. It is a wrong impression that there has been an increase of taxation. True, there was some increase of taxation on a few articles of luxury, but upon the great mass of common things used in the country there was a substantial reduction of the duties; and, indeed, that very reduction is one of the crimes laid at our door, because hon. gentlemen opposite used to take the ground that the tariff should be higher. The hon. gentleman (Mr. Foster) took the total valuation of taxation, and he said that so much was collected in 1896, and so much more was collected last year, and therefore there is a great burden on the country.

Well, let us get it down to the case of the individual man. John Jones is a labourer; in 1896 he probably got \$1 a day, and the national policy did not make him rich; he was not likely to spend a great deal of money on extravagances out of that wage, and he paid a very small amount of taxation at that time; he could not afford to buy the goods, and if he could not afford to buy the goods, he did not have to pay the taxation. If he were forced to wear one coat when he ought to have two, he only paid the taxes on one coat; if he had to use one barrel of flour where two were necessary for his family, and if flour were an import article he would only pay the tax on one barrel of flour in 1896. But times have changed. Now John Jones probably gets \$1.75 a day, or \$1.50 at least, as a labourer; he can afford to wear two coats now; his family can have two barrels of flour; and so the customs returns show that the amount collected is larger. But ask John Jones which of these two years was the better for him and his family; ask him if he wants to go back to 1896, when he paid less taxation because he could only afford the one coat and the one barrel of flour; ask him whether he would not prefer the better days of 1906, when he paid more taxation into the customs, and paid it voluntarily and cheerfully because it was an indication of his greater progress, of his steadier employment, of his higher wages, and of his advanced happiness in every way. Ask him, and I think John Jones will answer that he prefers the existing conditions.

CONSERVATIVES AND PROTECTION.

If the government has been taxing the people enormously, if the fiscal policy of this country is imposing burden

on the people, as the hon. gentleman from Toronto (Mr. Foster) would make out, one would naturally ask, *Why does not the Conservative party try to change it?* There was a time when they did seem to have a tariff policy of their own; it was vague and indefinite, but at all events there seemed to be a tariff issue between them and the government. Some years ago, these gentlemen opposite were strong in meaningless and empty resolutions in favour of adequate protection. But, by and by, the agitation on the tariff question was crystallized, and this government, after careful effort, brought down a revised tariff. That was the moment to hear about adequate protection. Prior to that, it had been a mere abstract question; but now it has become concrete; the government laid their tariff policy on the table of the House, and the hon. gentlemen were invited to criticise it. What happened? These gentlemen opposite abandoned adequate protection and accepted the tariff policy of this government.

MR. BORDEN IN THE WEST.

But it is not only in Parliament that hon. gentlemen opposite have abandoned the tariff question; it is not only here that they have flung adequate protection to the winds; The leader of the opposition recently made a tour of western Canada. When a party leader goes through the country to discuss public questions, one would naturally expect that, as there are greater questions and minor questions he would, give the more important questions priority. But turn to the Toronto 'News,' to the letters of Mr. C. F. H., who cannot be regarded as a gentleman hostile to the leader of the opposition. In his summing up of the whole tour of the hon. gentleman in the west, C. F. H. said: "Two delicate questions were for the most part skated over." What were they? "The tariff and the Northwest school question." Why, sir, if any man in this House, any man on this side of the House at any rate, were asked to state what were the two biggest questions that have engaged the attention of Parliament since the general election, he would say that they were the tariff and the Northwest school question. And yet, the hon. gentleman in the whole of that tour out west, of which his friends have said so much, confined his talk to all sorts of little questions. He talked of the Robbins irrigation business, a hundred or a thousand miles from the scene of operations, but he did not talk of it at Medicine Hat, where the facts were known.

THE LIBERAL TARIFF POLICY.

The policy of the Liberal party in tariff matters was proclaimed at the Liberal convention. That policy was to reduce the tariff, but with due regard to existing industries, and that policy has been carried out. While the duties on some few luxuries have been increased, those on the great common necessities which the people consume have been subject to serious reductions. In hundreds of items the tariff was reduced. It was reduced so much that the leader of the opposition of that day declared that it would ruin the industries of the country.

A PARTY WITHOUT A PLATFORM

There is one thing which Liberals can say, and that is that they were not afraid of having a platform, and did make a platform which met the approval of the mass of the people. We did not hesitate to call together the representatives of Liberal principles in order that we might prepare a platform which would suit the requirements of the country. But how is it with my hon. friends opposite? For some years we have had discussions among them as to how they might get a platform. Again and again we have had it announced that at some future time, the next summer or the next recess, a great Conservative convention was to be held for the purpose of framing a platform. That convention, however, has never yet been held.

FACTS ABOUT THE POSTAL SERVICE.

What was the condition of the Post Office Department at the close of the last year of the Conservative Administration? There was a deficit of about \$650,000 on that year's operations, and there were accumulations of deficits of former years to an amount somewhat in excess of \$650,000; and a vote had to be taken to clean out the old account and pay off the old deficits. But in 1896, these hon. gentlemen, who are supposed to possess in such an extraordinary degree the instinct of government, had to give place to other men—we are too modest to say better men. What then happened? In 1907, instead of a deficit of \$600,000 in the year and a three-cent rate, we have a two-cent rate in all Canada, we have reduced postage to the Old Country, we have reductions all round, and yet, at the close of the last year, the Post Office Department shows a surplus for the year of \$1,440,000. That in itself is something to be proud of. But that is not the whole record. Turn now to the question of accommodation. In 1896 there were 9,103 post-offices in Canada; in 1907, there were 11,377 post-offices in Canada. In 1896, the number of postal notes and money order offices was 1,310, and in 1907 the number was 9,091. In 1896, the post-office savings banks numbered 755, and last year the number was 1,043.

If the hon. gentleman finds that the post-office accommodation for the people is sufficient to-day, what must have been the condition of the country in 1896, in the light of the figures I have given?

THE QUEBEC BRIDGE.

My hon. friend, the leader of the opposition, had something to say about the Quebec Bridge, and he said it had always been a marvel to everybody that this government had made this arrangement with a company to build the Quebec bridge. It was not a marvel to the hon. gentleman on October 22, 1903, when the record of this parliament shows that on that day the project to which he refers was brought into this House, and when the hon. gentleman allowed it to pass without a single word of complaint. It passed unanimously. Then the hon. gentleman went down to Quebec, and at a

public banquet that was given him there, he took credit to himself for co-operating with this government in bringing about the construction of the Quebec bridge. My non-friend has discovered that he marvelled much, but the record shows that he did not marvel when the Act passed.

ELECTORAL CORRUPTION.

My hon. friend introduced the question of corruption at elections. I want to say that when that hon. gentleman, or any other gentleman in this House, claims that there should be some improvement in our election laws in order that we may avoid such things as have happened too often, as have been shown in the disclosures of our election trials, I am most heartily with him, and if my hon. friend had taken that ground, if he had recognized the situation frankly, if he had come to this parliament and gone to his supporters and said, there has been looseness on this point, men on both sides have committed faults, both sides have been guilty, and we should unite in making the conditions better, that would have been a position which we could all commend. But has he pursued that course? Has he not gone through the length and breadth of the land and endeavoured to convey the impression that the Liberal party was the party of corruption and the Conservative party was the party of purity? *We need not fear comparison with the Conservative party in the matter of election trials.* Unfortunately, too many men have allowed their zeal to outrun their judgment, and have committed acts in connection with elections which do them no credit, and which we should all regret. Did all these things occur on the Liberal side? If the records be examined, it will be found that of the men who have been unseated in this parliament of Canada from Confederation down, the numbers stand about half Liberals and half Conservatives. And if we will fairly recognize the fact on both sides that such is the case, and without trying to put the responsibility on others, endeavour to bring about a better state of things, a better election law, and purer elections, we will deserve and receive the commendation of the people. But, Sir, those who approach that question in hypocrisy, those who pretend that it is all pure on the Conservative side and corruption on the Liberal side, they will not receive the commendation of the people of Canada.

LEAVE IT TO THE PEOPLE.

I believe, Sir, that the people of this country can be trusted to deal fairly between this government and this opposition—a party which at one time was a constructive party, and which, with all its faults, did much for the building up of Canada, but which seems to have become a party of obstructionists. They obstructed the Grand Trunk Pacific for months, and are now tumbling over each other to say that they never opposed it at all; they obstructed the tariff policy of this government for years, and now find it so good that they hardly venture to assail it in parliament, and when they go to the west they skate over it as they do over the Northwest School question. The honest people

of this country will weave into the hon. gentleman's Halifax platform the record of the Conservative administrations supported by the hon. gentlemen who sit with him, and will compare that with the record of eleven years of good Liberal government, during which Canada has enjoyed as never, before, the blessings of peace, progress and prosperity.

HON. SYDNEY FISHER.

Extracts from speech during the debate on the Address in reply to the Speech from the Throne delivered in the House of Commons Dec. 4, 1907.

RURAL MAIL DELIVERY.

I want to say a few words about the rural mail delivery and the extension of postal facilities to Canada. In the first place, let me say that I think this question of rural mail delivery can only be properly considered after a clear statement of the facts. The reason that some people in Canada are calling for rural mail delivery is because the United States have undertaken it. Now, Sir, the United States introduced rural mail delivery in 1897. They then appropriated \$40,000 for that purpose and spent only \$14,000. The next year they appropriated \$50,000 and spent it all, three times as much, and they spent it. In 1900, the fourth year, they appropriated \$450,000 or three times what they had in 1899, and they spent nearly all. Then came the jump. up to that time, the people of the United States generally, the farmers and dwellers in rural parts, had not understood what was being done, but they began, to use a slang phrase, to catch on, and the result was that in 1901, the government, which in 1900, had asked for \$450,000 for this purpose, asked for \$1,750,000 and spent it all. In 1902 the demand for this convenience was so great that they had to ask for \$4,000,000 and they spent it all. In 1903 they had to double again and ask for \$8,580,000 and they spent it nearly all. In 1904 they had to increase again and they asked for \$12,900,000 and spent it all. In 1905 they had to double again nearly and ask for \$21,000,000 and spent it nearly all. In 1906 they had to increase again by \$6,000,000; they asked for \$25,800,000 and spent \$24,700,000. In 1907, the present year, they had to ask for \$28,350,000, and I am informed that they will not be able to do the work for that amount. The estimate they have made for the next year is no less a sum than \$35,000,000.

The United States has an area no larger than our own. The United States have tried to begin by only doing it where it was likely to be feasible and they have not ended it yet

WHAT IS BEING DONE IN THE WEST.

At this time in the west there are four additional inspectorates and three additional railway mail service dis-

districts being organized, and the letter carrier delivery system has been extended to all towns having a population of 12,000 people, and a revenue of \$20,000 per year. The number of post-offices in operation in the Northwest on the 30th of June 1906 was 1907. Since that time there were added to the number of post-offices opened in the Northwest and British Columbia, 267, and in the whole of Canada 436 new post offices were opened during the year, of which 267 were west of Lake Superior. In 1896, there were only 1,060 offices in British Columbia, Manitoba and the Northwest. Now there are 2,174, or an increase of 1,114, or they have been considerably more than doubled in the course of the last ten years.

THE BALANCE OF TRADE BUGABOO.

Hon. gentlemen opposite are now trying to make out that because in Canada we have a larger value of imports than of exports, the country is being ruined. Let me point out in a few words that the best political economists have for years and years declared emphatically that the theory that a country which imports more than it exports is doing a bad business, is not in consonance with the facts as shown in the history of Canada, of the United States and of most European countries. I have here the figures of our trade for four five-year periods, starting with 1905 and going back. Between 1901 and 1905 our excess of imports was very large and in these five years it amounted to \$96,000,000 or an average of \$19,200,000 a year of imports over exports. In the five years from 1896 to 1900 we had an excess of imports to the amount of \$24,000,000, and that is the only one of these five year periods during which there was an excess of exports. Between 1891 and 1895 we had an excess of imports of \$49,000,000, and between 1886 and 1890 we had an excess of imports amounting to \$116,000,000. I point hon. gentlemen to the fact that from 1886 to 1890 when the national policy so called by them was in its full vigour; the national policy to which they still—no they don't still pin their faith to it but they used to—when the national policy was in its full growth and force there was an *excess of imports* in these five years of \$116,000,000.

From 1891 to 1895, when every one will admit that the national policy was in its decline, when these gentlemen opposite know that the country was not doing as well as it was during the previous five years, the excess of imports was \$49,000,000 or a great deal less than one half what it was in the previous five years.

THE LIBERALS AND PROSPERITY.

There was a change of government in 1896, and the full effect of that change was not felt in the country for some few years. During the first few years after we put our policy in force the farmers of Canada began to produce more; the farmers of Canada began to be better off, and the result was an *excess of agricultural exports*, and only in these five years out of the last twenty years in Canada was there an *excess of exports over imports*.

Then the full effect of our policy came into force; then the country began to feel the full tide of prosperity; then began enormous railway building in Canada to meet the demand of a prosperous people; then began the investment of United States capital, British capital, Belgian capital and French capital to take advantage of the prosperity which had arisen. What was the result? That in the last five years there was an excess of imports of \$69,000,000. Hon. gentlemen opposite say that is all wrong; that it is bad for the country and that the country must be going to the dogs because of it.

How was it under the glorious regime when Sir John Macdonald was at the head of the government and the national policy was in full force? In five years there was an excess of imports of \$116,000,000.

TRADE WITH THE UNITED STATES.

I have not the exact figures, but everybody knows that the large balance of trade between Canada and the United States is against us, and these imports are largely the raw materials of our manufacturing industries, which to-day, under an enlightened fiscal policy, are prospering in a way which they never did before under any protective policy with the hon. gentlemen opposite in power.

The hon. gentlemen know that American capitalists have invested in Canada thousands and hundreds of thousands and aye millions of dollars, why? Not only to get the home market of Canada, but the export from Canada to the foreign markets of the world. What is the reason for the International Harvester Company establishing a factory in Hamilton? Are they going to manufacture only for Canada? No, but for the European, Australian and South African markets, and in the French market especially, under the new treaty just negotiated, the Canadian implement manufacturers are going to have a decided advantage over the American manufacturer. Why has the Williams Sewing Machine Company come into Canada and established a factory at St. Johns, Quebec, employing several hundred hands and likely to employ a thousand hands in a few months? Not only to sell the Williams Sewing Machine in Canada, but as the manager told me himself, to manufacture in Canada for the export trade. I asked him "Why don't you do that in your old factory in the United States?" His reply was "Because we can manufacture for the open markets of the world better and cheaper in Canada than we can in our own country?"

CANADA'S INDUSTRIAL OUTPUT NOT EQUAL TO DEMAND.

Turn to the census reports of manufacturers and you will find that our manufacturers in Canada have been producing more and more to an enormous extent, and yet the industrial development of Canada has not reached the point of meeting the consumptive demands of the people of Canada. What are the actual facts with regard to that? We took a census of manufactures in 1905 and there was a general census in

1900, and what is the comparison? In 1900 the industrial productions of Canada, manufactured articles, amounted to \$481,000,000; in 1905 they amounted to \$706,000,000, an increase of \$225,000,000 in those five years, an increase under the Liberal policy which was never dreamed of under the national policy. But notwithstanding that enormous increase, the consumptive demand of the prosperous people of Canada is more than the manufacturers can meet and the result is that we have to import goods from abroad, and besides, these same manufacturers have to obtain a large quantity of raw materials from abroad or they would not be able to make that magnificent showing.

EXPORT OF COIN AND BULLION.

I have a word or two to say in regard to another matter. hon. gentlemen opposite say that we have to send out coin and bullion to pay for the difference in the balance of trade, and that it is a bad thing for the country. Now, I happen to have some figures here which tell a different tale. I have the figures of the imports and exports of Canada for forty years. In those forty years we exported \$4,257,000,000 and of coin and bullion we exported \$120,000,000. During the same period we imported \$5,000,000,000 or about \$750,000,000 more than we exported, and we imported \$150,000,000 coin and bullion or thirty million dollars more than we exported. Did we send out that money to pay for the balance of trade against us? The Hon. gentleman, if he knew the first thing about political economy would know that we did nothing of the kind. He would know that the reason for the balance of trade is altogether something else, and it has nothing to do with our exports of coin and bullion. The United States has practically had the same experience as Canada in that respect. Germany at the present moment, is held up all through the English-speaking world as the great example of protection, the country which is driving free trade Great Britain out of all the markets of the world. We would suppose then, according to this theory that the balance of trade would be in Germany's favour, but having introduced protection the balance of trade began yearly to go against her, and last year the balance of trade against her amounted to 300,000,000 marks.

THE CASE OF FRANCE.

France is a country renowned everywhere as being probably the most stable and having the largest amount of available capital always on hand. France would be expected therefore, to have the balance of trade in her favor. Well, I have here the returns for five years and I find that with the one exception of 1905 she had a balance of trade against her. In 1902 she had a balance of trade against her of 100,000,000 of francs; in 1903, 100,000,000 francs; in 1904 100,000,000 francs; in 1905, 66,000,000 francs in her favour and in 1906, 200,000,000 francs against her. Both France and Germany are highly protected countries.

THE CASE OF RUSSIA.

Let me now give an instance of a country in which the balance of trade is the other way. From 1892 to 1896 there

was on an average, a total export amounting to 571,000,000 roubles and a total import of 432,000,000 roubles. From 1897 to 1901, the average yearly export was 648,000,000 roubles against an import of 522,000,000 roubles. In 1902 the export was 860,000,000 roubles against 599,000,000 roubles imports. In 1903, exports amounted to 1,000,000,000 roubles as against 681,000,000 roubles imports. In 1904 the exports amounted to 1,005,000,000 roubles and the imports to 654,000,000 roubles. In 1905, the exports were 1,047,000,000 roubles as against imports of 582,000,000 roubles. There you have a magnificent example of the advantage of the balance of trade being in favour of the country or the exports being greater than the imports. That surely must be the most prosperous country in the world. Surely it must be a country whose example we all ought to copy. Well what country do you think it is? It is Russia.

Let me read here the epitome of an opinion on this question by an extreme protectionist, a gentleman who lives in Germany, and who bases his opinion on the experience of Germany and his knowledge of what goes on in that country. I am quoting from "La Revue Economique Internationale,"

Notwithstanding all the efforts made to refuse it, we often meet this opinion in the public, that when there is a considerable difference between the exportation and the importation of two countries, the advantage is always on the side of the country which exports the most. My purpose here is not to combat this error. I must content myself with recalling the fact that economic science has learned since a long time ago, to estimate more correctly commercial balance sheets

DR. WILBERT McINTYRE, M.P.

Extracts from speech during the debate on the Address in reply to the Speech from the Throne delivered in the House of Commons, Dec. 10, 1907.

RURAL MAIL DELIVERY.

The proposition contained in the amendment of the Hon. member for East Lambton is that of the enforcement of rural mail delivery. That question is one which possibly affects his constituency specially and he seems to think that it should apply to the whole Dominion of Canada. The hon. gentleman, in discussing the question, gave a great mass of statistics which he assured us had been taken from the reports of the Post Office Department of the United States; and from these he attempted to prove that it would be a good business-proposition for the Dominion of Canada, at this stage of its growth, to institute a system of rural mail delivery. I wish to say that when an hon. member is considering matters concerning his own constituency he, must as a federal representative bear in mind that there are

Other parts of this great country to be considered. If you take the meagre surplus which we have from the Post Office Department to-day and spread that over the various portions of this great Dominion which must necessarily be served by the Post Office Department, you will find that you cannot inaugurate any great reform in any particular portion of the country without affecting the whole country.

WHERE IT WOULD APPLY.

The hon. member for East Lambton, when giving his statistics, had the misfortune to suggest under what conditions the system of rural free delivery should apply. At page 396 of "Hansard" the hon. gentleman said:

It is distinctly and plainly laid down by the department that the route must be twenty-four miles long, that there must be one hundred families on that route, and that eighty-five of those families must not only put up boxes but agree to take rural free delivery. Thus the rural free delivery system can only be installed in a district where it can be successfully carried on and if these requirements are not fulfilled, the system cannot be installed until the population increases.

EFFECT ON THE WEST.

The hon. gentleman, in putting forward any condition as that, cut western Canada entirely out of the system. He has put it beyond our grasp, and if we should institute any such service in the Dominion at a cost of \$10,000,000 the American system cost \$35,000,000-what would be the result? In my constituency we have the different settlements stretching out into the more remote parts.

In his scheme of carrying out these regulations he has not taken into consideration the fact that the condition of our roads out west is such as to entail very great difficulty in travelling. There are mail routes that run, not one hundred miles or ten or twenty-four miles, but that run hundreds of miles, and you must take this into consideration, that when you use up the surplus, when you use up in the new scheme the money that goes to carry on the post office operations, where are you going to get money to institute new mail routes and establish new post offices and new post office centres? We are complaining in the west to-day with a great deal of feeling that our post office system is not extended far enough. But what would be the case under such a system as the hon. gentleman advocates? It would result necessarily in a further starving of the west, and I would be remiss in my duty if I did not stand up and protest here against any such system being instituted. Rural delivery may be good in those places where it can be carried on, but I am here to speak for those places where it cannot. What we want out in the west is our present system extended. We want more frequent service, a greater number of post offices, and in order to give us that you must use the surplus revenue you now have. You can institute no great reform in the system

which will not interfere with furnishing the west such conditions as are now obtained in the older settlements of Ontario.

FROM A DOMINION STANDPOINT.

We must still widen out; we must still more increase our service, but if you use up your surplus in instituting some great reform, these people out in the west will not be able to get the service they are entitled to. No doubt some hon. gentlemen will say that in the thickly settled portions of this country a greater revenue is supplied and that the postal surplus really comes from the eastern provinces. But we are legislating for the whole Dominion. We are besides carrying on an immigration propaganda, and when you bring people in you must give them a fair measure of postal facilities. If we had the rural delivery system, it would be idle to think of citing to you the enormous distances you would have to cover to go over my constituency alone. In my constituency alone there is as much arable land and as fertile as you can find in the whole Province of Ontario, south of Lake Nipissing. If you are going to establish a rural free delivery over so great an area, you are going to use up in so doing practically all the surplus you have now. Another feature to be remembered is this, that in the constituency which I represent is one-third the population of Alberta, and yet to institute on the lands laid down by the hon. gentleman (Mr. Armstrong) regular routes would practically deprive my whole constituency of rural free delivery.

You will find that the people in that country are a reading class, and per capita a greater letter writing class than any community in the east. Most of these people are isolated from kith and kin and consequently write home to numerous friends and thus have a greater correspondence than people in the east.

A BUSINESS QUESTION.

The question is one that resolves itself simply into a business question, and as such it must be considered in all its aspects. It may be a vexed question in certain thickly settled populations, but with us the question is greater post office facilities under the present system. I believe that hon. gentlemen who will study this matter carefully will see that any argument brought forward to support rural free delivery in our present condition, fallacious, and the carrying out of any such system would result in increasing the facilities at one point and further starving them at another. There is no hon. gentleman here, no matter how much he may think of his particular constituency, who would like to put in operation any such system that would necessarily shut out people who have not yet received the post office facilities to which they are entitled in order that some little further privileges should be granted their own immediate locality. I appeal to the sense of fairness of this House that it should recognize that the institution of any such system as a free rural mail delivery would be to the detriment of Canada as a whole, and of the west in particular.

HON. FRANK OLIVER.

Extract from speech in reply to an attack by Mr. R. L. Borden delivered in the House of Commons. Dec. 17th, 1907.

THE NORTH ATLANTIC TRADING COMPANY.

In regard to the question my hon. friend has asked as to the reason the agreement was entered into with the North Atlantic Trading Company, the answer, I think, is elementary. The reason was that this country desired to get immigrants. It had not been able to get immigrants in sufficient numbers before. It therefore entered into this agreement, and it did get large numbers of immigrants. Under the agreement, certain payments of money were made by the government to the company. Under the agreement these payments were large in amount but the only reason that my hon. friends, when they had charge of the country, did not make as large, or doubly as large payments, was that they did not bring in so many immigrants. For I find that from the year 1891 to 1895 the government that day was prepared to pay \$10 per head for immigrants from Continental Europe—\$5 on landing, and \$5 more when the immigrant had settled on land in the west. The only reason they did not pay \$364,000 was because they could not and did not get the necessary number of people. I presume the reason they did not was because they did not go the right way about it.

CONDITIONS CHANGED

Mr. R. L. Borden—If it was so good a contract why was it cancelled?

Mr. Oliver—The conditions changed. The country was starving for people when this contract was entered into; the Northwest was undeveloped, although it had been under the magnificent management of our hon. friends for some eighteen years and under the management of this government for a number of years. Under these circumstances this government entered into the North Atlantic Trading Company contract with a view of getting people from Europe. It entered into an aggressive campaign in the United States to secure immigration. It entered into a similar campaign in Great Britain. In all cases it achieved more or less success, and after a number of years of successful effort, when the country was no longer starving for people, when the North-west was being rapidly filled up, when my hon. friend from North Toronto (Mr. Foster) declared that the time had come when Canada should cease to put forth any effort at all to secure immigration—when that time came it was not necessary to take the same steps to secure immigration as had been necessary under previous conditions. We were getting large numbers of immigrants under the North Atlantic Trading Company contract. We were paying for some small proportion of those we were getting, but there

were provisions in the contract which, in my humble estimation, were not being lived up to. It seemed to me that judging by results the company was not using the efforts they were expected to to secure immigrants from certain countries of Europe; we saw fit to cancel the contract and we did cancel it for these reasons. It seemed to me that the reasons for entering into the contract were good, and the reasons for cancelling it were also good.

PERSONNEL OF THE COMPANY

I may say as I have had occasion to say previously, that I do not know the names of the members of the North Atlantic Trading Company; that I do not know or care what their names are or were. That I never felt that it was any concern of mine any more than it was to know who are the shareholders in the Canadian Pacific Railway or any other incorporated company. The whole question was results. If we got results we paid, if we did not we did not pay, and if we did not like the contract it was cancelled.

▲ SUCCESSFUL POLICY.

In regard to our immigration effort in Great Britain, we have pursued there what we think has been a very successful campaign during the past year or two. We have succeeded in attracting British immigrants to a greater degree than ever before. That was partly because of the changed conditions in Canada. There was an insistent demand for labour in eastern as well as western Canada and we used reasonable efforts to fill that demand. We advertised in Great Britain; we paid a bonus to booking agents in Great Britain, and we got a large number of people. To-day we find that our efforts have been perhaps too successful; and this year instead of the immigration automatically and of itself ceasing or decreasing in the fall of the year, when labour has become overabundant in the country, we find that the stream of immigration is keeping up. The ordinary absence of demand for labour in the winter is now upon us. Under these circumstances it became necessary to take action to prevent any unfortunate conditions that might arise, and we have taken such action. We have notified the steamship companies and our agents in the old country that the market for labour at the present time in Canada is overstocked, and to advise people not to come to Canada during the winter, or if they come between now and spring if they are not coming to friends or assured employment, that they should have with them money to support them until employment can be secured when spring opens. That is our policy and system in the old country and I believe that our effort in the past has been acceptable to the people of Canada as well as to the people of the old country, and we believe that the people of Canada and the people of the old country as well, have sufficient good judgment to commend the efforts that we have made to bring people here when

there was a demand for them and to commend with equal readiness our action in advising immigrants not to come when there is not a demand for them.

IMMIGRATION DEMANDED.

From the time when I had the honor to become a member of the Government in May, 1905, there were repeated demands made upon the department for a more active immigration policy with a view to bringing in both skilled and unskilled labour, to relieve the difficulties from which the manufacturers were suffering. There were letters from prominent manufacturers and petitions from various Boards of Trade and County Councils throughout the country setting forth the regrettable scarcity of labour which was hampering them in their industries, and begging the Government to widen its immigration policy so as to induce the importation of mechanics, artisans and labourers generally. In response to the statements thus set out, in response to the demand of the agricultural community of the province of Ontario, in response to the demands made in parliament, not only by my hon. friend (Mr. Cockshutt), but by other members in their places, the Dominion Government did expand its immigration policy in regard to Great Britain with a view of supplying these demands. But I want to point out that the Immigration Department did not accede to the whole of the demand.

DEPARTMENT'S STAND.

In a circular sent to the booking agents in the United Kingdom we said:

Bonuses will be paid provided the regulations of the department are complied with, upon tickets to Canada sold to British subjects, whose occupation in the United Kingdom has been for at least one year, one of the following, namely; Farmers, farm labourers, gardeners, stablemen, carters, railway surface men, navvies or miners, who have signified their intention of following farming or railway construction work in Canada; and female domestic servants.

The bonus will be one pound on each person of prescribed classes, eighteen years of age or over, and ten shillings on those between one and eighteen years of age. No bonus on infants, tourists, returning Canadians, prepaid tickets or persons of other occupation than one of the above named, or on persons mentally or physically unfit.

This was supplemented by a circular which said.

The classes of people on whom bonus is paid by the Canadian government are expected, by reason of their experience at home, to find scope for their abilities in the occupation of the vacant lands of Canada, in employment upon the lands now occupied and cultivated, or in the railway development

now in progress. And while it is not asserted that people of other callings or conditions of life should not come to Canada, or may not find a career open to them in this country, it is desired to have it well understood that the government of Canada assumes no responsibility with respect to any other immigration than that of the classes mentioned as eligible for bonus payment. It is not asserted that the farmer or farm labourer is necessarily a more desirable citizen than any other, but it is a simple fact that the demand in Canada is for people to occupy the as yet vacant lands of the country, to aid in the cultivation of those already occupied and also to assist in providing additional transportation facilities. This it is which justifies the government in assuming the expense of immigration effort. To go beyond the attempt to meet these requirements would be to use the money of certain classes of Canadian tax payers for the purpose of securing competitors against them in their several callings, for which they would naturally hold the government to account.

EXCLUSION OF UNDESIRABLES.

At the same time that we increased the British bonus from seven shillings to twenty shillings per head we enacted an Immigration Law which gave us the power to exclude undesirable people, which we could not do previously. The instructions to booking agents read in part:

It will be noticed that the following classes of people are prohibited from landing, and are subject to deportation within two years; feeble-minded, idiotic, insane, or who have been insane within five years, afflicted with any loathsome, contagious, or infectious disease; anyone who is a pauper, who is destitute, who is a professional beggar or vagrant, or who is likely to become a public charge, any prostitute or person who lives by the proceeds of prostitution, or any convicted criminal. Persons who are deaf and dumb, blind or infirm may be admitted if accompanied by members of the family who will be responsible for their support and safekeeping. Unless so accompanied, they are subject to deportation.

A SPECIAL WARNING.

We had this further to say, with regard to the kind of people wanted in this country:

It is not in the interest of the individual immigrant that he should remove to Canada unless there is reasonable prospect of his success here. The arrival of any large number of immigrants in this country who are unfitted for the conditions here, must necessarily re-act against the continuation of the immigration movement. In spite of the fact

that his failure to succeed is due to personal causes, the unsuccessful man will blame the country, and complain to his friends at home, thereby deterring them from coming out, and the efforts of the Immigration Department will be discredited with the people of Canada, who will therefore withdraw their support from those efforts. The men wanted in Canada are those who will do well here, who are recognized in the United Kingdom as being fit, but who are looking for the wider opportunities of the new country, not to be found at home. The efforts of the Canadian Immigration Department are not directed towards those who are merely looking for a place where they may live, but towards those who, while they are able to live under present conditions in the United Kingdom, are on the look-out for an opportunity to better their position in life.

That is the policy of the Immigration Department to-day and that was its policy in 1906.

CHARACTER OF THE IMMIGRATION.

In regard to the character of the immigration of this year, while the evidence may not be valuable, it still may be interesting. I quote from the Toronto "Mail and Empire" of June 15, 1907:

The volume of immigration into the Canadian west continues to swell. In economic efficiency, as well as in numbers, the new-comers appear to be nearly all that is to be desired. The proportion coming from the United Kingdom shows a welcome increase.

On March 16, 1907, the "Mail and Empire" had this to say:

Some leading employers of labour have sounded a note of alarm against the large inflow of immigration, fearing that should there be any shrinkage of demand for labour the country might have on its hands a large army of unemployed. It concludes:

There is little danger that the country will be burdened with an excess of labour for any considerable period, because the higher cost of living here and the cheapness of ocean steerage rates quickly enable any surplus to adjust itself to avoid unemployment.

On November 11, 1907, the "Mail and Empire" said:

In these days of rapid growth and expansion there is a danger of dwelling too much on the undesirable element in immigration, forgetful of the great material prosperity that the average immigrant family brings with him to this country.

The Montreal "Star," in a lucid interval, had this to say on December 9, 1907:

Members from the west are speaking out in support of assisted immigration. They seem fearful that the feeling against it engendered by the pathetic spectacle of men and women brought from Europe at this season of the year to swell the numbers of the unemployed in our cities, may lessen the activity of the Immigration Department in bringing in new settlers for the prairie country. But there is really nothing in common between the two classes of immigration except the ocean voyage. The man who comes prepared to take up and stock a farm in the west, is a man who proposes to give employment to himself, and possibly others. He will not join the unemployed, but the employers.

The Winnipeg "Telegram," on November 1, 1907, speaking of emigration from Great Britain, says:

Statistics all show that the class which left the country last year, and those who have since left, has been the very best the country can furnish, and to that extent the colonies have been the gainers.

We notice, too, that the "Mail and Empire" itself has joined in endorsing the government policy. In an editorial on Monday, December 16, 1907, it had to say:

The men who came to Canada qualified to take their places among our producers are, generally speaking, prosperous, and would not exchange their present position for the one they left to come here. Immigrants are doing well as farmers. Capable farm labourers and willing and adaptable general labourers have saved enough money to tide themselves over the short period of dullness. No anxiety need be felt on account of the industrious, fit and saving immigrant.

If the Immigration Department has to some extent been taken by surprise, both by the continuance of the flow of immigration and by the somewhat slackening demand for employment, I submit that it is only in company with all the leaders of thought, throughout the country on this question. If we have erred, so has everyone else.

DEPARTMENT'S POLICY.

So that there may be no mistake about what the policy of the government is in regard to immigration, I quote from a pamphlet issued in 1907, reprinted from a former issue, in which it is set out that:

The classes wanted in Canada are tenant farmers, farm labourers, general labourers and

navvies. The classes not wanted are clerks, draftsmen, telegraphists, shop assistants, professional men, schoolmasters and teachers, civil engineers, architects and surveyors.

Here is another:

Important to farmers: Farmers, farm labourers, railway construction men and female domestic servants are the only people whom the Canadian Immigration Department advises to come to Canada. All others should get definite assurance of employment in Canada before leaving home, and have money enough to support them for a time, in case of disappointment.

One of the strongest factors in the progress Canada has made in the past few years has been the immigration policy of this government. That policy has not been the same from the beginning. It has had to be changed according to circumstances to meet the different cases as they arose. At one time it would have been madness to have induced people to come from Europe to the eastern provinces of Canada. There was not room in these provinces for the people who were there. Skilled labour was then leaving Canada so fast that our neighbours enacted an alien labour law to protect themselves. We had placed a million people in the United States in the preceding years.

This government has followed an active and energetic immigration policy for the past eleven years. It has been phenomenally successful. But, in those eleven years, notwithstanding that success, and although drawing from all quarters of the earth, it has not been able to replace the native-born Canadians who were lost to this country before this policy was entered upon. We have been able to bring into Canada perhaps a million people. Our friends on the other side sent a million Canadians out. We ask the country to judge between their policy and ours.

HON. MR. FIELDING.

House of Commons, March 17, 1908.

WAYS AND MEANS—THE BUDGET.

Hon. W. S. FIELDING (Minister of Finance) moved that the House go into Committee to consider of the Ways and Means for raising the Supply to be granted to His Majesty. He said:

CHANGE IN FISCAL YEAR.

Mr. Speaker, the last volume of Public Accounts in the possession of the House is for the fiscal period of nine months ending 31st March last. Perhaps it is worthy of note—

though we here generally understand it—that the broken period was made necessary by the change in our fiscal year. Of course, it is difficult to make comparisons between a period of nine months and a period of twelve months; but, after the passing of the present year, we should come to conditions under which comparisons may be made as usual.

REVENUE FOR PAST YEAR.

The outturn of the financial period to which I have referred proved somewhat more favourable than the anticipations which I ventured to present to the House in the budget speech of the previous November, I had estimated a revenue of \$65,000,000, but the actual revenue for the nine months was \$67,969,328.29, an excess over the estimate of \$2,969,328.29. I estimated an expenditure chargeable to Consolidated Fund of \$52,000,000; the expenditure proved to be \$51,542,161.09, which was less than the estimate to the extent of \$457,838.91. I find estimated a surplus of \$13,000,000; the actual surplus for the nine months was \$16,427,167.20. That is, the surplus for the nine months was larger than the surplus of any fiscal year in the history of confederation. It may be well to note, in passing, though the figures are in the possession of the House already, that the main sources of our revenue were as follows:—

Customs.....	\$ 39,760,172 53
Excise.....	11,805,413 21
Post Office.....	5,061,728 45
Dominion Lands.....	1,443,832 03
Railways.....	6,509,099 78
Miscellaneous.....	3,389,282 29

\$ 67,969,328 29

The customs revenue during the nine months proved very buoyant, showing a very large proportionate increase over that of 1905-6. The same may be said of excise.

The post office revenue continues to increase and that service may now be regarded as being firmly established on a paying basis. In the nine months of the financial period 1907, we received from this source \$5,061,728.45. The expenditure for that period was \$3,979,557.34 leaving a surplus of \$1,082,171.11. The operations of the Post Office Department up to and including 1902 resulted in deficits year by year. In 1903 we had a small surplus of \$292,654. Each succeeding year has shown a surplus, and so well has the administration of this branch of the service prospered that in the nine months of 1907 we actually netted a surplus of \$1,082,171.11.

The statement from 1896 to 1907 is as follows:

Year.	Revenue.	Expenditure.	Deficit.	Surplus.
	\$	\$	\$	\$
1896..	2,964,014	3,665,011	700,997	
1897..	3,202,938	3,789,478	586,540	
1898..	3,527,809	3,575,411	47,602	
1899..	3,193,777	3,603,799	410,022	
1900..	3,205,535	3,758,011	552,479	
1901..	3,441,504	3,931,416	489,912	
1902..	3,918,415	4,023,636	105,221	
1903..	4,397,832	4,105,178	.....	292,654
1904..	4,652,324	4,347,540	.....	304,784
1905..	5,125,372	4,834,527	.....	490,845
1906..	5,933,342	4,921,577	.....	1,011,765
1907..	5,061,728	3,979,557	.....	1,082,171

It is of course to be remembered that this great change from a period of deficits to a period of surpluses is coincident with a very material reduction in the most important postal rates of the country. We have not only had a greater revenue with a lower rate of postal taxation, but from year to year a continued expansion in the service. Taking only the last period of nine months, it is found that there have been the following increases in that a ~~year~~:

Class of office	Increase for nine months
Post offices.....	236
Postal note offices.....	355
Money order offices.....	115
Savings banks.....	32

This is in addition to the large increase in the mileage or mail service as compared with previous years.

The intercolonial account to which attention has already been called by the Minister of Railways and Canals (Mr. G. P. Graham) showed that there was a revenue for the nine months of \$6,248,251.45, while the working expenses were \$6,030,171.83 showing an excess of revenue over working expenses, for the nine months, of \$218,079.62.

The Prince Edward Island Railway was treated separately; there the balance is the other way, there is an excess of expenses over revenue of \$67,713.55. For convenience of reference I have put in summary form the expenditure of all kinds, the revenue, and the net debt statement for the period of nine months. That is set out in the following table:

Summary of revenue, expenditure of all kinds, and net debt for
fiscal period of 9 months ended March 30, 1907.

Expenditure chargeable to Consolidated Fund. \$51,542,161 09

Capital expenditure—

National Transcontinental		
Railway.....	\$5,537,867 50	
Railways.....	1,603,701 07	
Canals.....	887,838 61	
Public works.....	1,797,871 16	
Dominion lands.....	526,582 61	
Militia.....	975,282 87	
		<u>11,329,143 82</u>

Special expenditure—

Railway subsidies.....	\$1,324,889 30	
Bounties.....	1,531,944 36	
		<u>2,906,833 66</u>
Total expenditure.....		65,778,138 57
Total revenue.....		67,972,109 65
Excess of total revenue over total expenditure.....		2,193,971 08
Add sinking funds.....		1,177,146 71

Decrease of net debt..... 3,371,117 79

DEBT REDUCED \$3,371,146.

It will be observed that there is an excess of total revenue over total expenditure of \$2,193,971.08. Adding to that the sinking funds, which are simply taken from one side of the account and placed on the other, and which amounted to \$1,177,146.71, we see that as a result of the year's operations there was a decrease in the net debt of Canada of \$3,371,117.79. This question of the public debt is at all times one of much interest. Occasionally we have had the happy privilege of calling attention to a reduction of the public debt, but on every occasion when I have had to speak of that I have taken the precaution to warn the House and the country that it would not be reasonable to expect, in a country like Canada, that we should have frequent reductions of the public debt. Indeed, it may surprise some hon. gentlemen who are not familiar with our affairs to be told that in the whole history of confederation there have been only six years during which there have been reductions in the public debt. One of these reductions stands to the credit of Sir Francis Hincks, away back in 1871. Another stands to the credit of Sir Leonard Tilley in 1882. The remaining four have occurred in recent years and can be claimed by the present administration. A moderate increase in the public debt from time to time is to be expected and would be quite defensible. I think it must be a cause of surprise to many persons and even to our critics to know that after the lapse of 10½ years of the present administration there has been such a very small addition to the public debt. During that period we have carried on large operations. We have provided very liberally for that portion of our public expenditure which is 'chargeable to consolidated fund.' We have provided generously for the public service—perhaps my hon. friends opposite would use the stronger

word, 'lavishly.' We have provided for our capital and special expenditure. We have expended \$127,000,000, apart from the ordinary charges on what is called the capital and special account. Yet notwithstanding all these liberal allowances for all the public services, notwithstanding the large capital and special expenditure, notwithstanding the liberality with which all branches of the public service have been maintained, notwithstanding the energy carried into the development of our public works, we find ourselves at the end of this 10½ year period with an addition to the public debt amounting to only \$5,174,427. If it were not for the special item of the National Transcontinental Railway, which every hon. gentleman will admit is of exceptional character, we would find that during the 10 years we have had no increase of the public debt whatever, but a very considerable surplus over expenditures of every kind. If we look into the question of the debt in its relation to the population of the country, which is a very fair way to look at it, we find reason for believing that Canada is very modest in the matter of incurring public debt. As the country increases its population, we, of course, increase in ability to bear the burden. If the increase of the public debt should simply keep pace with the increase of population and the development of our resources, there would be nothing to complain of. But when we are able to show that from the point of view of the debt per head there has been no increase, but in reality an actual decrease of the public debt per head, I think it will be admitted that we are making a very gratifying statement. Beginning at the year 1891 and taking the figures of the population as furnished from time to time by our census department, we find that the net debt of Canada per head stands as follows:

NET DEBT PER CAPITA.

June 30, 1891.....	49.09
" 1892.....	49.15
" 1893.....	48.96
" 1894.....	49.40
" 1895.....	50.57
" 1896.....	50.82
" 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
March 31, 1907.....	42.84

I take as the estimate of population for the last date mentioned, 31st March, the figures furnished by our Census Department as 6,153,789.

SURPLUS FOR THE CURRENT YEAR OF \$19,000,000.

The fiscal year for 1907-8 will close within a few days, on the 31st of March, according to the new system.

Although we are now close at the end of the year, it is not easy to make a very close estimate for the reason that all over the Dominion, with vast distances, there are accounts still to be rendered. Still we are so near the end of the year that we ought to be able to make our estimate somewhat closer than usual. Our revenue to the 29th of February for the current year amounts to \$87,607,299. For the remainder of the year we make a conservative estimate, for we are aware that at the present time there is some check upon business activity. We place the revenue for the year at \$96,500,000. The expenditure chargeable to consolidated fund up to the 29th of February, is \$60,720,353. Making a reasonable allowance for the expenditure to the close of the year, we think the total outlay of the year chargeable to the consolidated fund will reach \$77,500,000. If these figures be realized, with a revenue of \$96,500,000 and an expenditure chargeable to consolidated fund of \$77,500,000, we shall have for this year the magnificent surplus of \$19,000,000. That will be a larger surplus than in any previous year.

TWENTY-SIX MILLION SPENT ON NATIONAL TRANSCONTINENTAL RAILWAY TO MARCH 31st 1908.

Coming now to our capital and special expenditure, we have to estimate that on a pretty liberal scale, for we are now engaged in the construction of large works. We estimate our capital and special expenditure for the current year at \$33,000,000. This will make our expenditure of every kind for the year \$110,500,000. If we deduct from this our estimated revenue of \$96,500,000 and the sinking fund of about \$2,000,000, making \$98,500,000, we shall find that there will be a balance at the end of the year to be added to the public debt, of probably \$12,000,000. In this present year, in the figures which bring about this result of a possible and probable addition to the public debt of \$12,000,000, we shall spend no less than \$17,750,000 on the National Transcontinental Railway. If we did not have to make provision for that particularly large and exceptional item, we could close the year, not with an addition to the public debt, but with a reduction of the public debt to the extent of \$5,750,000.

I gave the House a few minutes ago the figures of the debt per head up to the 31st of March last, at which time there would be a reduction of the public debt. At the end of the current year there will be a considerable addition to the public debt, and therefore it might be that that would affect adversely the figures I have given of the debt per head. But I believe it is not so. During the past year we have had a particularly large immigration; I believe the population of Canada has increased during the past year very much more than in any previous year in our history, and I have no doubt that if a careful account be taken, it will be found that the increase in population will more than balance this increase in the public debt, and the net result will be that the debt per head at the close of this fiscal year will be no higher than it was in the figures I gave some little while ago.

I have spoken of the expenditure on the National Transcontinental Railway. We have for several years been spend-

ing money on that great work. At the beginning of the work the demands upon the public treasury were not great, but are now reaching a point when the expenditures for that service will and must continue to be large. I find we have expended up to date on the National Transcontinental Railway, that is on the eastern division which the government are constructing, the following sums:

Year.	Amount.
1904.....	\$ 6,249 40
1905.....	778,491 28
1906.....	1,841,269 95
1907.....	5,537,867 50

Making a total up to the date of the last public accounts, of \$8,163,878.13. To this if we add the estimate for the current year, of \$17,748,000, we find that at the close of the present fiscal year on the 31st of March, we shall have spent within a few dollars of \$26,000,000 on the National Transcontinental Railway.

The total expenditure on the Transcontinental Railway up to the 31st of March, to be exact, according to the actual outlay at the end of last March, and the estimated outlay this year, will be \$25,912,478.13.

INCREASED SUBSIDIES TO PROVINCES 2½ MILLION.

In considering the question of our increased expenditures it is well to bear in mind that by the amendment of the British North America Act we are now paying to the provincial governments very much larger allowances than were paid in former years. Provincial subsidies have hitherto amounted to \$6,745,133 per annum, but under the recent amendment to the British North America Act these provincial subsidies now call for \$9,032,774, an increase for that item alone of \$2,287,641. That, of course will stand in the general statement of expenditure of this government, but it is to be remembered that it is money which this government does not expend at all but turns over to the provincial government of the country to administer it as they think best, and, I have no doubt, for the development of their respective provinces.

TRADE STILL INCREASING.

The trade returns for the eleven months which have passed are by no means discouraging. The total imports for eleven months to February 29, 1907, were \$308,764,306; for the corresponding eleven months to February 29, 1908, the imports were, \$341,175,095.

Mr. FOSTER. Are these imports for home consumption?

Mr. FIELDING. These are the total imports. The total exports for the eleven months of 1907 were \$266,876,601 for the eleven months of 1908 they were \$261,434,521. It will be seen from this statement that the imports have some-

what increased and that the exports show a slight increase, but on the whole the statement of trade up to the present time is by no means discouraging, although I quite realize that we are now at the stage when there must be some falling off in our revenue.

A WORD OF CAUTION

Turning now to the fiscal year 1908-1909, upon which we shall soon enter, I think I am correct when I say that the general feeling of our business men is one of hopeful confidence united with much caution. We are just emerging from a period of world wide financial stringency. Financial systems and institutions of all countries have been severely tried. It should be a gratification to us all that none have stood the test better than those of Canada.

On the part of the government it is a time for caution, and yet a time for courage. Large new enterprises, which would call for great outlay, may well be laid aside for a little while. But the works which we already have in hand, and perhaps other works not calling for heavy outlay, must not be neglected. Particularly must we not fail to push forward the great enterprise of the Transcontinental Railway. We have reached a stage in that enterprise which calls for heavy expenditure, yet we feel it our duty to urge upon the commissioners the prosecution of the work so that the new road may be completed at the earliest possible date.

ESTIMATES FOR THE YEAR 1908-9.

The main estimates for the year, already in the possession of the House, propose to appropriate on account of consolidated fund \$76,871,471, and for capital account, \$42,365,620.

Supplementary estimates will come in due course and add considerably to these appropriations. It must be remembered, however, that the estimates do not usually by any means represent the actual expenditure. A considerable portion of the appropriations of every year remains unexpended and the works concerned are provided for the following year.

As to the probable revenue for the coming year I would wish to speak with caution. The monetary stringency is producing a curtailment of imports. Some of my hearers will not regard that as a misfortune. I anticipate a falling off in our revenue in the early part of the new year. I am hopeful that later on the loss will, to a considerable extent, be made up, and that in the end we shall find the revenue fairly satisfactory. I am estimating a revenue of \$96,500,000, for the year soon to close. I do not feel justified in expecting so large a revenue for the coming year. Probably it will be more likely to fall below \$90,000,000, than rise above it. Such a revenue would enable us to retain our strong financial position. We should have to be content with a reduction of the surplus. But I would expect the revenue to enable us to provide for all our consolidated fund expenditure and something as well by way of surplus. For our capital expenditure, or a considerable part of it, we shall undoubtedly have to add to

our public debt. But, as I have often pointed out, it is unreasonable to expect that in a country like Canada we can carry on our work of development without occasional additions to that debt. If we have to add in the coming year to our debt account, it will not be for ordinary expenditure, but for our work on capital account, and particularly for our great work of the Transcontinental Railway. For that work alone we are asking an appropriation of \$30,000,000 for the coming year.

INCREASE OF TRADE

I will present figures which will show at a glance the great progress Canada has made in a comparatively few years. I take statistics illustrating thirty years of the progress of Canada

Total Trade.

Year ended June 30, 1877.....	\$175,203,355
1887.....	202,408,047
1897.....	257,168,862
1907.....	617,984,952

Total Imports.

Year ended June 30, 1877.....	\$ 99,327,969
1887.....	112,892,236
1897.....	119,218,609
1907.....	359,793,278

Total Exports.

Year ended June 30, 1877.....	\$ 75,875,393
1887.....	89,515,811
1897.....	137,950,255
1907.....	258,171,074

Total Trade with Great Britain.

Year ended June 30, 1877.....	\$ 74,823,292
1887.....	83,455,681
1897.....	98,935,040
1907.....	208,745,193

Railway traffic--Tons carried.

Year ended June 30, 1877.....	\$ 6,859,796
1887.....	16,356,335
1897.....	25,300,331
1907.....	63,806,133

Bank discounts.

Year ended June 30, 1877.....	\$126,222,470
1887.....	169,357,326
1897.....	226,960,482
1907.....	639,970,096

Deposits by the people in the Chartered Banks.

Year ended June 30, 1877.....	\$ 62,120,706
1887.....	107,154,483
1897.....	201,141,688
1907.....	589,459,889

Deposits in the Post Office and Government Savings Banks.

Year ended June 30, 1877	\$ 7,470,630
1887	40,832,275
1897	48,934,975
1907	61,493,671

ADVANCES TO BANKS FINANCE WESTERN CROP.

I think, Sir, I should avail myself of this opportunity to give to the House some explanation of the action of the government in connection with what is called the moving of the crops last autumn. I shall find it necessary to present to the House a Bill in a day or two, and before that Bill comes down, I shall see that all the papers in connection with the matter shall be laid on the table, so that hon. gentlemen, before being asked to deal with the Bill, will have all the information before them. In the meantime, I may state briefly the history of the transaction. The money stringency, which was general, was particularly severe in our western country. That was natural, for the autumn is its period of greatest activity. At that season very much depends on the arrangements for the moving of the crops to the sea-board. At the beginning of November urgent representations were made to the government that the fiscal arrangements which could be made with the banks were insufficient to provide the means for handling the crops. We were informed that the ordinary lines of credit granted by the banks had either been exhausted or were too limited to meet the emergency. The condition of the crop was another feature to which our attention was called. Unfortunately, a considerable portion of the crop of last season was touched by frost, and its condition, we were advised, was such that it could hardly be carried over the winter with safety. For that and various reasons it seemed to be important that the crops should be moved and we were asked to devise some means of granting aid. Mr. Gladstone, or Beaconsfield, on one occasion when told that something must be done said that evidently the party who said so did not know what ought to be done. I suppose that those who began this movement had no very clear idea of the form in which relief should be granted. I must do the banks justice, if justice it be, to say that they were not the movers in the matter; they did not initiate the demand for aid. Indeed, it is fair to them to say that when the matter was first mooted, some of our best bankers were inclined to think that there was no need of further aid—that the banking facilities of the country were sufficient to meet all the requirements. However, representations continued to come to us in such form as demanded consideration. One of the first communications the government received on the subject was from one of our trusted officers in the Northwest, the warehouse commissioner Mr. Castle, a gentleman in every way capable of advising what was the need of the situation. We summoned Mr. Castle to Ottawa and had the benefit of his knowledge and advice. The council of the Winnipeg Board of Trade urged upon us the necessity of taking action; the Manitoba Grain Growers' Association urged that we should take action; in many ways representations were made to us that it was really

necessary that something should be done and done quickly. The season of navigation was about to close. Very much depends upon what may be done within the last two or three weeks in moving a crop when it has to be moved almost wholly by water—for only a limited quantity of this crop is moved all-rail. We came to the conclusion that the subject was one that we could not afford to set aside. Our bankers, who at first, were very dubious about it and thought it not necessary, modified their views, and advised the government that some such action as proposed should be taken. The conclusion of the whole matter was that we decided that we would aid such of the banks as were engaged in the grain trade, and might wish to avail themselves of the assistance, with loans not to exceed, in the aggregate \$10,000,000. When this matter was first announced, the banks, as I say, did not look upon it with too much favour, and were slow to take advantage of it. We had proposed that the rates of interest to be paid to the government for this loan should be 6 and 7 per cent. These are, undoubtedly, high rates of interest, but they were no higher than the Bank of England rate at that time, for it was then 7 per cent. So we decided to authorize the advance of this money to the banks on condition that they should repay it within a short time at the rates of interest stated, and to put up securities for the loan which were to be submitted to a committee of banking experts whom I named for that purpose. The gentlemen whom I named were: Mr. Clouston, of the Bank of Montreal; Mr. Thomas Fyshe, former manager of the Merchants' Bank; and Mr. J. M. Courtney, ex-deputy Minister of Finance.

In a short time, an intimation was given to us that the banks were hardly willing to utilize the order-in-council under the proposed conditions. They said that the rates of interest were so high as to give them no profit. Much of the explanation was given me in conversation, of course, because banks do not like to put themselves on record in these things. It was intimated also that they were unwilling to put up securities in the hands of the government, as it would expose their business affairs to the inspection of the government. Therefore, it seemed that there was some doubt whether the banks would avail themselves fully of the aid we desired to give. The movement we had in view could only be made successful through the co-operation of the banks, so when we found hesitation on their part, we thought we should try to meet their objection. Some, proud of the strength of our banking institutions, were inclined to think that if a bank accepted aid of this kind from the government it would be a reflection on that bank. That was a mistaken view, of course; but still I know that there was hesitation on that account. Therefore, we decided to modify our arrangement, and let the banks have the money, if they wished to take it, at a lower rate of interest. Under the new arrangement, we allowed the Bank of Montreal to deal directly with the banks, the Bank of Montreal acting as our agent. They were to arrange matters with the banks and collect a rate of interest not less than 4 per cent. That was ultimately agreed upon as meaning 4 per cent. for fifty days; 5 per cent. for sixty days, and 6 per cent.

if payment was delayed longer. The object was to get quick returns, as this was an exceptional transaction.

I am inclined to think that if we had done nothing more than announce the intention to grant this aid much help would have been given, by that simple act, to the west. I have the opinion of eminent bankers who have told me that, as soon as it was announced that the government intended to provide relief for the situation, confidence in the west was restored, that bankers who had been slackening up in their credits took a more generous view of the situation and things began to improve. It has been stated in the public press that nothing was done under this arrangement, that the government did not give any money to the banks, or the banks to the people; that the whole thing was a misunderstanding—and I am afraid that sometimes even harder words were used. But I am glad to be able to say to the House that much was done under the arrangement. We found, after we had reduced the rates of interest in the manner I have described, that the banks did take the funds thus loaned to them by the government to the extent of \$5,315,000. Nearly all of this money has now been returned. At this moment about \$965,000 remains outstanding, and there can be no question that the balance will be promptly paid. What threatened to be a serious crisis in the financial situation of the west was averted, confidence was restored, the situation was improved, and the interests of the government were protected at every point.

Now came the question how we could provide this money. We do not have \$10,000,000 always lying idle in the treasury of Canada; and, at a moment when the Bank of England rate was 7 per cent. it was not easy to borrow money quickly—and this was a transaction which required prompt handling, if we could borrow at all.

Mr. FOSTER. When did the Bank of England raise its rate to 7?

Mr. FIELDING. Early in November. It was 7 per cent. when this transaction occurred. I am sure of that, for it was the basis of our proceedings. It was raised to 7 in November, and continued until January, if my recollection serves me well. There had been no such banking rate for thirty-four years, that is, the last experience of such a rate had been in the year 1873. It was obvious that, if the government attempted to borrow this money hurriedly in England, it might not be able to borrow it at all, for, in the existing state of the market, it was not a question of credit but of being able to secure the money on any terms. And, even though we could borrow, the borrowing might have a bad effect upon the general credit of Canada for a long time. It seemed a case where the government might be justified in impairing the reserves held against the redemption of Dominion notes. Any part of the \$10,000,000 required could be furnished in the shape of Dominion notes, which we should issue in the usual way; but the issue of that amount of notes would carry us to a figure beyond our gold reserve. Though I speak of our gold reserve, it is not, in Canada, entirely gold, but is in part imperial guaranteed debentures, but I treat the

two as one. We found that it was necessary, if we would provide this money promptly, in some degree to affect the position of our reserve. We decided to accept from the borrowing banks the securities they were able to give us, plus the guarantee of the Bank of Montreal—that is, the Bank of Montreal not only acted as our agent, but we required them to guarantee the whole transaction—so as I say, we agreed to accept these securities, plus the guarantee of the Bank of Montreal as equivalent to the guaranteed debentures which we hold in our reserve fund, and against which our notes are issued. It was a technical departure from our Currency Act which will require the ratification and approval of this parliament.

But I think I will be justified in saying that if ever there was an occasion when the government might put a strain upon that question of their reserve it was in the condition of affairs then existing and for the purpose which I have indicated. The highest point reached by the circulation was on December 31 when it was \$62,623,628. This included the extra issue. But for this extra issue, the circulation would have been \$57,500,000 and the reserve of gold and guaranteed debentures held against this would have been equal to 61 per cent. The effect of the issue was to reduce our percentage of reserve to 56 per cent., a difference of 5 per cent. For this 5 per cent. reduction in our reserve we had the securities put up by all the banks to which the money was advanced, and we had, in addition to that, the guarantee of the Bank of Montreal. Thus I think it will be found that while there was a technical departure from the law governing our Dominion notes, which calls for ratification by the parliament of Canada if parliament shall so approve, still the occasion was a very exceptional one, and one upon which we were justified in adopting exceptional methods. Even putting aside the securities to which I have referred, we still had, at the worst point, a reserve of 56 per cent of our total issue, which most financiers will say is a very strong position.

PROVISION FOR FINANCING CROP MOVEMENTS IN FUTURE.

The experience that we have had, the difficulties of the past season, must suggest to us all, particularly to those from the west, that there is some need of greater elasticity of our currency so that we will be able to meet a difficulty of this kind in the future, without even a technical violation of our currency laws. I think the best form in which we can do that is by extending the powers of the banks with respect to the issue of their circulation. I think it well to state at once my view in that matter, and this statement will be followed in due course by a Bill amending the Bank Act. It seems to me to be the part of wisdom for the government to authorize the banks to issue what, for convenience, may be called an 'emergency currency,' (using an expression frequently employed in the United States) to allow the banks to issue for a limited time, during the crop movement, the season of emergency, currency to the extent of 15 per cent. of their combined paid up capital and rest or reserve, these taken together measuring the strength and stability of a bank. I propose in a Bill

which it is my intention to introduce to authorize the banks during the emergency period of crop movement which would be defined, beginning probably in October and ending after the turn of the year, to issue circulation to the extent of 15 per cent. of their combined reserve and paid-up capital.

It may be thought that we would get the necessary additional currency by an increase of the bank capital. That is a very desirable form of increase, and if we could rely upon the increase of the bank capital perhaps the other method would not be called for. Our bank capital has increased to a considerable extent, as will be seen by these figures for five year periods:

Year.	Bank Capital.
1895.....	\$ 61,701,000
1900.....	64,735,145
1905.....	82,199,900
1908 (February 29).....	93,137,811

This indicates a very considerable increase in the banking capital of the country; but in proportion to the increase in the trade of Canada the increase of the banking capital has not been large. Our home trade has largely increased as we know, but we have not statistics which will accurately measure that trade. Our foreign trade, for which we have accurate statistics, has enormously increased. In 1905 our foreign trade was \$224,000,000 and in 1907 it was \$617,000,000. Thus the trade of the country has enormously increased, while the banking capital has, relatively, increased in a less degree.

The explanation of that of course, is that the savings of the people in the way of deposits have furnished the money that has enabled the banks to handle this very large business. But the savings of the people, large and generous as they have been, are proving insufficient now to handle the business, and I think, in view of the fact that the banking capital has increased so slowly, we must look for help in the form which I have suggested. It is well to remember that the increase of bank capital may bring with it embarrassment as well as aid. Our banking capital is owned in Canada, very largely, a small percentage being owned abroad. The people in Canada who own the banking capital will probably find their surplus moneys locked up at the present time in various forms, they may be in bank deposits or in business enterprises; to call upon them to put up new capital would simply mean the transferring of money from one form of investment to another and this might be a cause of embarrassment to the shareholders who might not be able to comply with the demand for increased capital. Of course, if we can sell the bank shares abroad, as has been done in some cases, and bring in new capital, that would be the better condition, but then we have no guarantee that that can be done. While we have something to hope from the enlargement of the bank capital, because some large banks have already made application for the necessary authority and will undoubtedly increase their capital. I do not think we are justified in the belief that even with this increased capital we shall get enough money to handle the im-

mensly increasing business of Canada. We therefore propose as a reserve fund, if I may so call it, to allow the banks to have this power of issuing a special circulation to the extent and on the basis I have mentioned.

NO TARIFF CHANGES.

Coming now, in conclusion, to the question of the customs tariff, I have to say that we do not propose to make any changes in it at present. We made a revision of the tariff a year ago, and while I do not imagine that it is a perfect instrument, we think that on the whole it has worked well and is well adapted to the requirements of the country. Some institutions have made representations that things are not quite as well in their line as they would like to have them, and they would be glad to have some change. I do not suppose that we shall ever reach a time when there will not be some persons who think that there should be a change, that present conditions are not all they wish. There is always a disposition to feel that when any business difficulty arises the proper remedy is to be found in a higher tariff. One would think that what is occurring across the line to the south of us would go far to dispel that old time heresy, because over there they have the benefit, if it be a benefit, of a much higher tariff than we have in Canada. We know that the conditions of business over there during the past few months have been very much worse than they have been with us. However, that may be, we think that the Canadian tariff is in a pretty fair condition, and we think that those who have made representations to us with a view to a change—in some respects, possibly not in all—will find that as business improves, as we think it will in a short time, their disadvantages will disappear and their industry will have all the encouragement that it reasonably requires.

- 305 -



ST. MON. SIR WILFRID LAURIER.

- 305 -



