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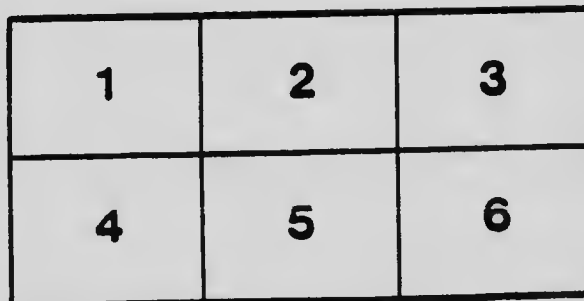
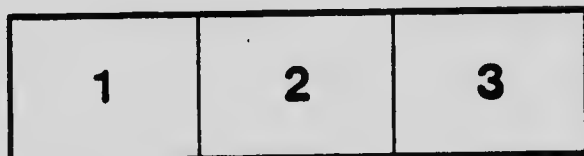
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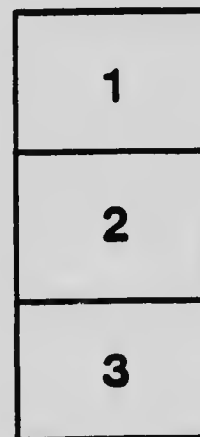
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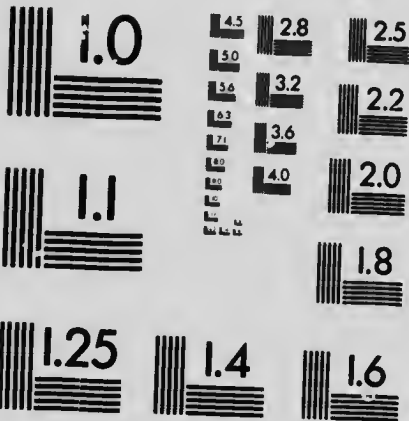
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TAXATION REDUCED

**Public Money Wisely
and Economically
Expended.**

**THIS IS THE PROUD FINANCIAL
RECORD OF THE LIBERAL
ADMINISTRATION.**

No part of the record of the Liberal Government appears in a more favorable light than that pertaining to the finances of the country, and the Liberals are justly proud of it. It will warrant the closest criticism and examination, and the more closely it is looked into the more clearly will it be seen that the administration

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has been sound, progressive and business-like, and has redounded to the great advantage of the whole people. Standing by itself, it is a most satisfactory record. Compared with the financial record of the Conservative party, it constitutes an emphatic proof that it was a very good thing for Canada that the Liberals won the elections of 1896 and 1900.

TAXATION.

The financial affairs of the country are of special interest to the people, because they involve the great question of taxation. Under the Liberals there has been a substantial reduction of taxation. Conservatives resort to sophistries and half-truths to question this, but the fact is that the rate of taxation which the Canadian pays to-day is less than it was in 1896 when the Conservatives were in power. The principal taxation imposed in this country is customs duties.

In 1896, under the Conservative tariff, \$18.28 was charged by the Customs upon every \$100 worth of goods imported into Canada.

In 1903 only \$15.88 was so charged. **THIS IS EQUIVALENT TO A REDUCTION IN THE AVERAGE CUSTOMS DUTIES OF 13 PER CENT.**

If you make a calculation you will find that had the Conservative tariff been in force in 1903, the people of Canada would have had to pay on their importation of that year **FIVE AND A**



A HALF MILLION dollars more than they had to pay under the Liberal tariff.

But Conservative politicians have argued in the House of Commons that in making the calculation, Coin and Bullion, and Indian Corn, which comes into the country but is not consumed here—being afterwards exported—should be deducted. Well, taking them on their own ground, we find that the average rate of duty imposed in 1896, after deducting Coin and Bullion, was 19.19, whereas it was only 16.60 in 1903—deducting Coin and Bullion and Indian Corn, imported but not remaining in the country. If the Conservative average rate of 1896, on this basis, had been in operation in 1903, nearly SIX MILLION dollars more duty would have been collected.

The Conservatives have further argued that it is not fair to make a comparison with the year 1896. Well, we will take their full term of office. The average duty charged by them during their 18 years of power was \$19.10 on each \$100 of goods imported. Since the Liberals came into power the average duty was \$16.49. If the Conservatives' average rate had prevailed during the seven years from 1896 to 1903, over 32 million dollars more duty would have been paid into the Treasury.

No Conservatives, however artful, can get away from the fact that to-day the people of Canada pay a lower rate of customs taxation than they did under the Conservatives.

They pay less in other ways as well, notably for postal service, the Liberals having reduced the domestic letter rate from 3 cents to 2 cents, the British letter rate from 5 cents to 2 cents,

the rate on letters to the United States from 3 cents to 2 cents. These postal reductions, it is estimated, save to the people of Canada a million dollars per year.

A STOCK ARGUMENT REFUTED.

On this question of taxation, the Conservatives have a stock argument which it is worth while referring to. They state that when they left office they were taking less than 21 million dollars per annum in customs taxes, whereas last year (1903), 37 million dollars were collected, and they endeavour to argue that the increase represents additional burdens imposed upon the people. A little consideration will, we think, show any unprejudiced man that that is one of the most fallacious arguments ever advanced by a political party. It is purposely designed to mislead the people by beclouding the issue. The volume of customs revenue is not in any sense a measure of customs taxation. The true and only test is the average rate of customs duties, and as has been established in the foregoing paragraphs, such average rate has been substantially reduced under the tariff introduced by the Liberal Government. There are two reasons for the increase in customs revenue. One is, increase of population, the other is, an increase in the purchasing power of the people. During the last seven years the people have been prosperous, and consequently their purchases of commodities have been greater and heavier, BUT THEY HAVE PAID LESS MONEY FOR CUSTOMS DUTIES ON EACH HUNDRED DOLLARS WORTH OF THE GOODS THEY HAVE IMPORTED THAN THEY EVER DID SINCE 1878. If the importations last year had

been the same in point of total value as they were in 1896, less duty to the amount of $2\frac{1}{4}$ millions dollars would have been paid than was paid in 1896. The Government have no power or control over the quantity of imported goods the people may buy; all they can deal with is the rate of duty to be levied thereon, and when, as has been shown, they have reduced the average rate of duty, they cannot with fairness be charged with increasing customs taxation.

A CONCRETE CASE.

The situation can be made quite plain by considering a concrete case. For instance, in 1896 a man may have bought one suit of clothes from Great Britain, on which he was obliged to pay duty at the rate of 5 cents per pound, and 30 per cent ad valorem, equivalent to about 35 per cent, say \$5.25 for duty, the suit being worth \$15. To-day his circumstances may be better, and he can afford to buy two suits at \$15 each. The duty to-day is 23% from England. He would, therefore, have to pay \$7 in duty, but the cost for duty per suit would only be \$3.50, as compared with \$5.25 in 1896.

It has been demonstrated that the Liberals, far from increasing the taxation of the people, have reduced it. It only remains to call the attention of the public in this connection to the fact that the Conservatives, who are falsely charging the Liberals with increasing the taxation, are also asking the people to support them in order that they may form a tariff which will make the taxation very much greater than it is.

NATIONAL DEBT.

Just look at the records of the two parties in regard to the national debt:—

UNDER CONSERVATIVES—

Net debt, 1896.....	\$258,497,432
“ “ 1878.....	140,362,069

Increase in 18 years under Conservatives.. \$118,135,363

Average annual increase under Conservatives:—

SIX AND A HALF MILLIONS.

UNDER LIBERALS—

Net debt, 1903.....	\$261,600,720
“ “ 1896.....	258,497,432

Increase in 7 years under Liberals..... \$3,112,288

Average annual increase under Liberals:—

LESS THAN HALF A MILLION.

Compare the public debt per head under the two regimes, and you will find:—

CONSERVATIVE—

1896, debt per head..... \$50.96

LIBERAL—

1903, debt per head..... \$47.37

DID MORE FOR THE COUNTRY.

It is worthy of very special note that while the Liberal Government increased the debt at a very much smaller ratio than their predecessors, they spent in the last seven years 65 millions on capital account for beneficial public works and services, as against only 37 millions spent on that account by the Conservatives in their last seven years. More than half of the said 37 millions spent by the Conservatives was provided by additions to the debt.

As a matter of fact, the Conservatives sank the country deeply in debt to pay for their capital expenditure. Under their regime Canada had to discount the future heavily every year.

SURPLUSES.

It has long been the practice (indeed since Confederation), in striking the balance of the annual national accounts, to set off the revenue against the ordinary expenditure—capital expenditure being treated as special. Judged by this standard, the Liberal showing is an exceptionally good one. During the seven years they have been in power, there was a net surplus of revenue over ordinary expenditure of \$41,361,861. Contrast this with a net surplus of only \$1,937,410 during the last seven years under Conservatives. The Liberals advocated a tariff for revenue, and it is quite apparent from these figures that they designed one that produced the desired results.

THE EXPENDITURE.

No attempt is made by the Government or their supporters to deny the fact that the expenditure of Canada has grown since 1896, but they claim that it has grown for good and proper purposes, and far from apologizing for it, they refer to it with pride, believing as they do that it has been one of the instrumentalities which has brought about the growth and progress we have witnessed in recent years. The expenditures have been liberal and prudent in the public interest, and they have done much to help the people generally. The Government kept pace with the times, and made due provision for the future.

It is true that both the ordinary and capital expenditures have been increased, but, nevertheless, the principles of economy advocated by the Liberals when in Opposition have been adhered to. There has been economy in the true sense of the term. Economy is not parsimony; it means wise and prudent expenditure for necessary purposes. No one ever seriously supposed that with the increasing business and development of Canada there would never be any increase in expenditure. The Liberal party, though they severely criticised the expenditure of the Conservative Government in past days, never said the expenditure of the country would not increase. What they claimed was, that the increase of expenditure under the Conservatives was out of all proportion to the increase of business and general development. During the last five years of Tory rule the country practically stood still, yet there was no attempt at financial retrenchment in reason with the times and conditions.

Besides all this, the country had evidence in the notorious Curran Bridge affair, the Langevin Block scandal, the Tay Canal

extravagance, and many other matters, that the public money was being improperly expended.

EXPANSION NECESSITATES EXPENDITURE.

During the past seven years there has been an extraordinary development in Canada. Its trade has almost doubled. The increased development has necessitated increased expenditures by the Government, and Liberals stand prepared to prove to the public the justice and necessity of everyone of these expenditures. In this connection it should be pointed out that the Public Accounts Committee of Parliament has every privilege and facility for the investigation of all Government expenditures, but that the Conservatives, with all their efforts and all these facilities, have not been able to successfully attack any of the expenditures. In fact, the Conservatives, in the session of 1903, seemed to have given up hope of finding anything wrong in the public accounts, and could not be got to attend the meetings of the Public Accounts Committee with any degree of regularity. In fact, the meetings of the committee developed into a farce.

It is most important to bear in mind in regard to the increased expenditure by the Liberals that the increased expenditure, necessitated by the great development and progress of the country, has been met without increasing the rate of taxation, without imposing burdens on the people, and without unduly increasing the public debt. On the contrary, the rate of customs taxation, which is the greatest source of revenue, has been and is, considerably lower, postage rates are much smaller and the public debt has been increased at a very much smaller ratio than previously under Conservative administration, and it is to-day \$3.00 per head less than it was in 1896.

It should be mentioned here that the excise duties were slightly increased, but as they apply only to luxuries, which are recognized by all classes of thinkers to be legitimate sources of revenue, they cannot be said to be a burden.

There is only one way that the Conservatives can legitimately proceed to attack the financial record of the Liberals, and that is to attempt to show the increased expenditures have been unwisely made. As already noted, they have failed in Parliament to make good any attacks on this line, and have, therefore, been compelled to indulge in wild statements of a general character, unsupported by any specific evidence. These facts of themselves constitute strong proof of the wisdom of the Liberal financial record, but if further evidence is wanted, one has but to look into the details of the expenditure of each department of Government to find it. In this connection a comparison should be made between the Liberal figures of 1903 and the Conservative figures of 1895. The latter year is taken as a fair sample of the Conservatives' instead of 1896, because the Conservatives, knowing an election was coming on in 1896, starved the public service in every direction in order to make a good showing temporarily. They failed, in 1896, to provide for the training of the militia, to attend to repairs to public works, &c. Comparing the ordinary expenditures of 1895 (Conservative) and 1903 (Liberal), we find, in ordinary expenditure, a growth from \$38,132,005 to \$51,691,902, an increase of \$13,559,897. The Liberals contend without any fear of successful contradiction, that all this increase was brought about and absolutely necessitated by increased business and the development of new country, and that an ample return or benefit has been received or accrued for every dollar expended. Take the Customs Department, for instance. The in-

creased trade of Canada has doubled the work of the department since 1895, and the general expenditure now is, therefore, larger in the aggregate than it was under the Conservatives. Still, it is a fact that it cost \$5.13 to collect every \$100 of customs duties in 1895, and last year it cost only \$3.31 per \$100. Again, take the Yukon. There was no expenditure there under the Conservatives, but since the discovery of gold, the Liberals have spent about 8½ million dollars there on ordinary account, and about two millions on capital account.

For Immigration, last year \$447,261 more was expended than in 1895, and we need only cite the great influx of settlers to the North-West as evidence of the wisdom of the expenditure.

The greatly increased development of the North-West has necessitated larger grants towards the Local Government. Under this head last year \$802,466 was spent, as compared with \$303,626 in 1895.

Examine the details of every item of expenditure, and you will find a situation corresponding to that in the specific cases just alluded to.

CAPITAL EXPENDITURE.

From 1897 to 1903, the Liberals expended, on capital and special account, \$64,885,608, as compared with \$37,082,642 during the previous seven years under the Conservatives. However, as already pointed out, the Liberal capital expenditure added very little to the national debt, and so did not impose a burden on the

people. On the other hand, of the 37 millions the Conservatives spent on capital account during their last seven years, 21 millions was added to the national debt. The Liberals have been able to make generous expenditures on great public works without imposing additional burdens on the people, by reason of the fact that they have had magnificent surpluses over ordinary expenditures, whereas deficits were the order of the day under the Conservatives. With a buoyant revenue, the Liberals found themselves in a position to embark on large public works of various kinds, needed to enable Canada to keep up the pace of development and expansion she has set during the past seven years. The Liberal Government, being a body of business men, did not hesitate to do what the present and future interests of the country demanded. And in regard to all these capital expenditures, you will find, on examination, that, as in the case of the increases in the ordinary expenditures, every dollar has been wisely expended. For instance, large sums have been spent on the improvement of transportation routes for the benefit of Canadian commerce. Among the items are: \$2,600,000 on improvements to the St. Lawrence; \$500,000 on Montreal harbor; Port Colborne harbor, at the entrance to Welland Canal, \$450,000; railway subsidies, \$11,800,000; developing canal system and completing 14-foot channel on the St. Lawrence, \$18,300,000. On telegraph lines, roads and bridges in the Yukon, \$1,900,000 was spent; on the South African contingents, \$2,800,000; surveys of Dominion lands in new districts, \$1,600,000; equipment of the militia with Lee-Enfield rifles, field and siege guns, \$2,400,000. These are some of the principal expenditures, and to name them is enough to show the necessity and wisdom of them.

THEY ADVOCATE FURTHER EXPENDITURES.

The attacks of the Conservatives upon Liberal administration have been only in general terms, and in regard to totals, whereas specific cases and details constitute the entire question as to whether the expenditures are justifiable or not. But while indulging in such misleading criticism, they have not been slow to criticise the Government in particular cases for not spending more money. For instance, they blamed the Government for not offering more than \$750,000 as a subsidy for a fast Atlantic line, and found fault because money was not given to Capt. Bernier's north pole project.

A prominent Conservative from the maritime provinces abused the Government for what he termed the niggardly, paltry railway subsidies brought down, and a prominent Conservative member from Ontario advocated a bounty on Beet Root Sugar. Besides, scores of Conservatives have asked for public works for their ridings, and increases in the salaries of judges.

The Liberal financial record is indeed one to be proud of. The taxation has been reduced materially, and yet large expenditures have been made in the public interest, without any considerable addition to the public debt. And the various public expenditures stand justified by the good results that have followed, and justified by the fact that in no specific instances have criticisms been successfully made.

The contrast between the Liberal record of wise and economical expenditure and the Conservative record of scandal and extravagance, is indeed most striking.

AS TO THE FUTURE.

The Government intends to follow the same enterprising and progressive policy as it has done in the past. It intends to maintain a moderate rate of taxation, but at the same time, it intends to spend money liberally when the developments of transportation and trade require it.

