

that the Government is seeking to rearrange the revenue in order to meet the loss resulting therefrom they object to it. Referring to the statement of Mr. Matheson that expenditures should be reduced, he appealed to the records to show that the Opposition had approved of the expenditures in detail, not 2 per cent. of the expenditure having been objected to by them. He believed that the country heartily endorsed the action of the Government with respect to the conserving of our timber, and his suggestion that the United States would in future come to Canadians for a treaty upon the matter was warmly applauded.

It Is Direct Taxation.

Mr. Whitney in a vigorous speech attacked the Government and referred to the mythical surplus, which he declared did not now exist and never had existed. He desired to correct his hon. friend and to assure him that if the tax imposed by this measure was not direct taxation the Legislature had not the power to impose it, and he quoted the British North America act in proof of his assertion. Replying to the statement of the Provincial Treasurer that the persons affected by the bill accept it with complacency, he said that if the hon. gentleman would go down to the City of Toronto and hear the curses loud and deep with which this scheme of taxation has been received even by his political friends his sense of security will depart from him. The conclusion he (Mr. Whitney) had reached is that the people of the Province are not willing to have this tax imposed upon them. The Opposition were discussing, not the reasonableness or unreasonableness of the taxation, but the principle of the proposed taxation, whether it was necessary in the first place, and he proceeded to discuss that point first. He agreed with his hon. friends, who preceded him, that there is no necessity for the imposition of this taxation upon the people of this long-suffering Province. The contention of the Opposition for the past ten or twelve years had been verified by the facts, and the bill showed that the Province is not only arrived at direct taxation, but has gone a long way along the road. During the years 1894-5-6 there was a succession of annual deficits averaging \$400,000 per year. That statement had been made upon the floor of the House and on the platform, and had never been denied.

Hon. Mr. Hardy—Oh! Oh! Order!

Mr. Whitney, continuing, said that it had never been denied by any man who had a character to lose that there had not been three deficits in successive years, because they could not keep expenditure within the revenue. Replying to the charge that the Opposition had been crying that "direct taxation" is near, he quoted from The Globe of 1880, in which it was stated that the time had come to call a halt in the expenditure, and also from "Bystander" upon the same subject. A speech by Mr. Hardy made at Erin about a year and a half ago was also quoted as further proof that in that year there had been a deficit. During the period hon. gentlemen opposite had dominated this Province they had been gradually reaching out and grasping all the sources of revenue which they could

possibly bring under control, and despoiled the municipalities. Then they had reached out for the succession duties, and now hon. gentlemen come down with a new scheme of taxation. It did not follow, he argued, that because a bank or company is making money it should be taxed. The expenditures should, he contended, be reduced, and he believed that the financial affairs of the Province could be so administered by the Opposition if they were in power as to allow increased expenditure on agriculture and education without increased taxation. The Opposition would, if entrusted with power, ask the people to judge their administration upon the same principles which he asked to be applied in judging the existing Government.

Purely a Business Question.

Hon. Mr. Davis, in reply, discussed from a business standpoint what is a purely business question. He pointed out that if the financial administration of the Province has not been good they could not hope for success. For the past 25 years the Government had maintained a distinct, well-defined policy, which had been that the subsidy, with current revenue from the resources of the Province and the interest upon their capital investments would provide revenue sufficient to meet the expenditure. During the past 25 years this policy has been most satisfactory, and the result had been that the Government had been able to provide large sums for the public service from the ordinary expenditures. During the last 25 years by pursuing the policy which had been laid down the Government has expended the following sums for the benefit and advantage of the people and the municipalities:—

On railways	\$ 6,735,000
On public buildings	8,772,600
Public works	1,033,000
Colonization roads	3,030,000
Agriculture	3,754,000
Education	15,922,000
Maintaining public institutions	16,417,000
Hospitals and charities.....	2,933,000

Or a total of..... \$58,760,000

The hon. members of the Opposition had continually cried out that direct taxation was in sight. As public men understood direct taxation all the world over, this bill did not, he declared amid applause, provide for direct taxation. He recalled the statements of the Opposition 25 years ago that direct taxation would follow within five years if the Mowat Government were returned. But the direct taxation then referred to was best described by one of their speakers of that day, who assured the people that the tax collector would knock at the door of every farmer each year to collect his taxes for Provincial purposes. That would undoubtedly be direct taxation, but the present bill provided for no such taxation. In reply to the assertions of the Opposition that the expenditures should be reduced, Mr. Davis quoted from the returns showing that the expenditure on the six most important services, administration of justice, colonization roads, agriculture, education, public institutions, hospitals and charities, which amounted to \$877,298 in 1871, increased to \$2,486,566 in 1898.