

THE DOMINION DEBT.

ITS CHARACTER AND COMPOSITION CONSIDERED.

A Few Convincing Comparisons—What has been Done With the Money Spent—How Deficit Cartwright Negotiated Loans—Other Matters.

"The Globe again returns to the charge that the Government has extravagantly increased the public debt. Here is the case in a few plain words, and let the Globe or the Grit party deny the facts produced if they can:

At the time of Confederation the Central Government assumed the debts of the Provinces which, at that time, entered the confederacy. Each Province which has since been created or brought into the Dominion has brought with it or been allowed a fixed sum by way of debt; and certain readjustments of the Provincial debts have since taken place, which have added to the debt of the Dominion what otherwise would have been debts of the Provinces, and what, therefore, is a mere matter of account changing from the Provincial to the Dominion ledger, and is

NOT AN INCREASE TO THE BURDEN of the people generally. Then at the time of Confederation, and as a condition of it, the Government were bound to construct the Intercolonial Railway, Mr. Brown's favourite *diam* being that Confederation was worth the price of six Intercolonial Railways. The Government was also bound, as a compensation to the Upper Provinces, to enlarge the canal, as soon as the finances of the Dominion would permit, and as this enlargement, so far as the Welland and Cornwall Canals were concerned, was undertaken by the Mackenzie Government,

THE LIBERALS CANNOT COMPLAIN that it was undertaken too soon. When the North-West was purchased, the necessity for large expenditure with a view to its development was admitted, and when the Columbia was bought into the Confederation, it was on the condition of the construction of a railway uniting the Pacific Ocean with the railway system of Canada, the work to be at once commenced and continued until completion within ten years. All these obligations have been

SANCTIONED BY THE PEOPLE at several general elections. In the light of these obligations the increase in the public debt is not only easily explained, but is completely justified. The Public Accounts of 1885 have not yet been published, but Mr. Blake has made a calculation showing that the net public debt is now \$220,000,000. That may be assumed as correct for the purposes of this statement. Here, then, is an

ANALYSIS OF THE DEBT.

Net debt as stated by Hon. Mr. Blake, \$220,000,000
Federal provincial debts assumed by the Dominion Government under the Union Act, 1867, and subsequent adjustments, 107,000,000
and there remains as strictly Federal debt increase since 1871, 113,000,000

So that the net increase of the public debt connected with the obligations assumed by the people of Canada as a condition of Confederation, is \$113,000,000. Now, there has been spent on the Canadian Pacific Railway, including the final exchange of money for lands returned, and upon the Intercolonial Railway with its necessary connections and terminal facilities, the sum of \$103,000,000. The payments to the Pacific Railway were in the exact terms of the contract of 1881, which was sanctioned by the people at the elections of 1882, with the exception that \$10,000,000 more in cash, and about 7,000,000 acres less in land has been given as a condition of the completion of the railway five years before the time fixed by the contract. We have thus

THE WHOLE INCREASE ACCOUNTED FOR except \$10,000,000, and that is more than accounted for by the Cartwright deficits, the "shaves" on the Cartwright loans and the purchase money of the North West Territories. Here is a statement on that head:

Net debt, \$220,000,000
Made up as follows:
Provincial debts assumed by the Dominion Government, \$107,000,000
Money expended on railways, 103,000,000
Money for purchase of land, 5,500,000
Sir Richard Cartwright's deficits, 4,500,000
Sir Richard Cartwright's losses on loans obtained, 4,800,000
Total, \$220,800,000

That leaves all the expenditures on the canals, on the improvements in lighting the lakes and the St. Lawrence, the erection of public buildings in various parts of the Dominion, the subsidies to branch railways, all met

WITHOUT ONE DOLLAR OF INCREASE TO THE PUBLIC DEBT. The extent of this expenditure will appear from the following taken from the public records submitted to Parliament, and not including therefore, the expenditure of the last year:

Canal.....\$25,638,378
Light houses and navigators.....5,504,389
Government buildings and miscellaneous public works.....13,147,318
Total.....\$44,290,085

So that there has been expended on these public works, in excess of additions to the public debt, the large sum of fifty millions of dollars.

IT IS A MISTAKE

to treat this debt as if it was a mortgage upon a farm, the principal of which had to be paid. In 1855 some thirty millions of dollars of our debt fell due. It bore 5 per cent. interest. Sir Leonard Tilley went to England and procured its renewal for another thirty years at 4 per cent., so that the debt falling due, instead of being an embarrassment, has resulted in an important reduction of annual expenditure for the country. The measure of the burden of the debt is

THE ANNUAL INTEREST CHARGE.

The net interest per head of the population in 1868 was \$1.29. In 1873, the end of the first Conservative term, it was \$1.31, an increase of two cents per head. In 1878, the end of the clear Grit term, it had risen to \$1.58, an increase of twenty seven cents per head, in spite of the fact that the Mackenzie Government left no public works completed to mark the era of their administration! And, assuming the net debt at \$223,000,000, as Mr. Blake puts it, the interest per head is now \$1.63, an increase in eight years of 5 cents per head, with the canal enlargement completed, the Canadian Pacific Railway finished and already developing an enormous trade, and large additions in the form of branch lines and increased terminal facilities made to the Intercolonial Railway! The simple question which the elector has to put to himself in connection with this increase in the public debt is this: Is the completion of the Canadian Pacific Railway, with all the incidental advantages connected with it, worth an additional tax of 5 cents per head of the population of the Dominion? There can be no doubt about the answer that will be given to that question.

AS AN OFF-SET TO THIS INCREASE,

it may be stated that applying the rates on passengers and freight charged by the railways in 1875, to the traffic now carried, it will be found that the people are

SAVING \$12,000,000 A YEAR, which is very much more than the interest upon the gross public debt of Canada—

as the result of the enlarged railway facilities and increased competition produced by the policy of the Government. The best proof that the expenditures made by the Government, and which have resulted in the increase in the debt of Canada, have been wise expenditures is shown by the FINANCIAL STANDING OF THE DOMINION, in the money markets of the world. Sir Richard Cartwright put 4 per cent. loans on the market in 1874 and in 1876, for the aggregate sum of \$31,633,333. He realized for them \$28,084,770, thus suffering a "shave" of \$3,548,563, or 11.28 per cent. Sir Leonard Tilley in 1885 exchanged 5 per cents. for 4s, which was equivalent to putting a loan on the market for the sum of \$31,256,595, and he realised \$30,930,651, a "shave" of \$326,944, or 1.36 per cent. Sir Leonard Tilley put a special loan on the market in 1885 for the same amount as Sir Richard Cartwright's loan of 1874, namely, \$19,466,686. The Cartwright loan, after paying all charges, only realised within \$2,208,329 of par, the discount, therefore, being 11.34 per cent. The Tilley loan realised within \$140,433, the discount, after deducting charges, being but seven-tenths of 1 per cent., and to-day Canadian securities in England sell in the open market at 13 per cent. higher than during Sir Richard Cartwright's administration of the finances. But

ONE MORE COMPARISON

may be made. The Conservative party has been in power since Confederation fifteen years and the Liberals five. Here is a comparative statement of the increase of the public debt during the periods of the two parties respectively:—

Table with 2 columns: Party, Increase in Public Debt. Rows include Conservative (1867-73), Liberal (1873-85), and Average increase per annum.

It must be remembered that the apparently rapid increase during the last five years is due to the fact that the construction of the Canadian Pacific Railway has been crowded into five years instead of ten, as was provided by the contract. No business man will say that the advantage to Canada of the early construction of the railway does not immeasurably

MORE THAN COMPENSATE

for this increase. The large undertakings are now completed, and the next five years, it may fairly be assumed, will witness no further material increase in the public debt.

THE PRESENT TIME.

The battle for Protection and against Free Trade must be fought out mainly on the facts of the present time, as distinguished from the facts of time long gone by. It is important to realize this, for it is an impression with some people that Protection is something belonging to the past chiefly, whereas Free Trade is the system of the present and the future. Never was there a greater mistake as to the cold facts of a case

The truth is that the cause of Protection has been a gaining one and that of Free Trade a losing one for rather more than a quarter of a century back. The Free Trade cause touched its culminating point about 1860, when Cobden got the seals and signatures aligned to the Anglo-French commercial treaty. Although England conceded a great deal and France very little by this treaty, yet it was hailed by Free Traders as a great step in advance, and the sure promise of greater things soon to be. Not so much what it was in itself, but what it was certainly expected to lead to, was what made English Free Traders enthusiastic over it. They have since had good reason to remember the event, for it was almost the last gleam of sunshine upon the darkening prospects of their cause.

Soon afterwards came the American Civil War, and with it a great change, which proved to be most emphatically not in favor of Free Trade. The National Parliament, freed from the presence of the slave-holders who had formerly ruled it, quickly declared itself for Protection, and high Protection at that, on a scale larger than ever before known in the world. English Free Traders accepted the unwelcome fact as something that could not be helped, as one of the stern necessities of war, but felt consoled by the reflection that it was for a time only, and that when the war was over it would be over, too. But after the war, which lasted only four years, the years following rolled rapidly away, and still the Morrill tariff remained. As manufactures spread and grew stronger in the United States, so did the cause of high Protection. Things worked in a circle somewhat as follows: The more manufactures grew and spread, the greater became the voting population devoted to supporting the policy that created work and bread for them. The greater that this voting population of Protectionist workmen became, the stronger the Protectionist system became in Congress. It must, however, be added that there was an interruption to this kind of progress, lasting about four years, say from 1882 to 1886. During their long reign at Washington the Republicans had been guilty of many mistakes, and, and of things many which were nothing short of crimes against the nation. On the strength of their exposure of Republican misdemeanors in office the Democrats obtained a majority in Congress; and this majority of theirs they used, not so much to enforce purity of administration as to attack the high protectionist. The result was certain tariff changes during the session of 1883, which did some good to England and some harm to the United States. Following

this the reaction came, and the strength to which it had attained a few months ago was indicated by some results of the Congressional elections last fall, when several conspicuous Free Trade candidates were defeated, although counted strong men in their respective districts. The fire of reaction against the temporary success of the Free Traders is now burning brighter every week that passes; and it is among things morally certain that the Presidential election contest of 1888 will wind up with the greatest Protectionist triumph and the worst Free Trade defeat that has been known since 1861.

Turn we again to the Continent of Europe. Under Imperial despotism, or something very like it, France had evinced a disposition just to coquette a little with the English Free Trade system. But the thing was held in abomination by the French people generally; and, when the Republic succeeded to the Empire, France went back to Protection unqualified. There was Cobden's labor lost, and both at home and abroad it was recognized that France had forever slipped away from even the semblance of being a convert in prospect to the Free Trade system. In Germany Bismarck fell under the Free Trade delusion for a brief time, having got it into his head that it must be a money-making system for any nation, seeing that it had been adopted by England, the greatest commercial nation in the world. But a few years' time sufficed to convince him that he had made a grand mistake, and soon Germany, as well as France, was forever lost as a convert to the cause of Free Trade.

But as France and Germany both go, in any such matters as that of commercial policy, so also will go the whole Continent of Europe. With one or the other of these two leading nations each one of the rest sympathizes more or less. And what ever system of commercial policy is adopted by both of them and adhered to, will certainly spread from Lisbon to Moscow, and from the Baltic to the Black Sea. But France and Germany are the foremost nations of Continental Europe for commerce, manufactures, and material progress generally. Far before them both, in all these respects, stands the United States of America; and thus we see the three greatest commercial nations of the world, outside of England, thoroughly and finally committed to Protection. Is there a Free Trader who can or dare contradict these facts? But if the facts cannot be contradicted, what inference can be drawn from them other than this—that in these modern days, and in this present time in which we live, Protection is the gaining and Free Trade the losing cause in the civilized world?

We have no more space than will suffice to make mere mention of the rising star of Protection in the Australian colonies, and the rapidity with which Free Trade is losing its grip on even New South Wales, formerly its stronghold in that part of the globe. Fifteen or twenty years ago so competent an observer as Sir Charles Dilke visited Australia, and he recorded his belief that all "Greater Britain," as he called it, was inevitably destined to become Protectionist. The London Times endorsed his views, and said that, beyond all doubt, he had truly read the signs. Old Canada adopted Protection in 1858. Then came a falling away at the time of Confederation. But the reaction came, and what the events of 1878 and 1879 were need not here repeat. The Mother Country may adhere to Free Trade, for how long nobody knows; but it is written in the book of fate that, with all her colonies, Protection must follow hard after self-government.

In the face of all this, what reason have those babblers to give who would have us believe that over the world Free Trade is the advancing system of the present and the future, while Protection is the fading system of the past? Exactly the reverse is the truth; Free Trade is the system that is fading away from the civilized world, while all the great commercial nations (England alone excepted) are becoming more Protectionist every year. Take this one great fact, that, taking the United States, the British Colonies and the Continent of Europe together, the average of duties collected on imported goods is very much higher than it was in Cobden's time, or say thirty years ago. No mortal man can contradict this fact; and now let the right inferences be drawn from it.

THE GLOBE'S DEACON

holds that Sir Charles Tupper cannot be a total abstainer because he purchased certain glassware for the purpose of entertaining English gentlemen as they are wont to be entertained. Sir Charles is notoriously a total abstainer. Perhaps the deacon never entertains gentlemen.

THE FARMERS AND THE N. P.

When The Globe says that the farmers have not benefitted by the National Policy, it betrays gross ignorance of the subject. We hold the following to be indisputable; viz., that the imposition of a duty on foreign grains has had the effect of shutting out of our markets a large quantity of American grain, which would otherwise have come into competition with home grown cereals. We prove this by the trade returns, which show net imports as follows:—

Table with 3 columns: Year, Cereal, Quantity. Rows include 1878 and 1885 for various cereals like Barley, Oats, Rye, Corn, Wheat, Peas.

Of these six cereals, therefore, five million bushels less was imported in 1885 than in 1878, giving the Canadian farmer an enlarged market to that extent.

Then again the enormous growth of the export live stock and farm produce trade tell a story that no amount of sophistry can gainsay. These figures are:—

Table with 3 columns: Year, Commodity, Value. Rows include Cattle, Sheep, Eggs, Hays, Cheese for 1878 and 1885.

Finally one other evidence of the prosperity of the farmer under the National Policy may be instanced, namely, the increase in the value of farm lands, farm buildings, etc., in the Province of Ontario, the figures being supplied by the Bureau of Industries:—

Table with 3 columns: Year, Category, Value. Rows include Farm lands, Buildings, Implements, Live stock for 1886 and 1882.

It is abundantly manifest from the facts related above that the farmers of Canada have enjoyed a very great degree of prosperity under the present tariff, and that direct advantages of the utmost value have been derived by them from its operation.

SIR JOHN'S ADDRESS.

Sir John A. Macdonald has issued the following address to the electors of Kingston. It will be read with interest by Conservatives everywhere:— OTTAWA, 29th January, 1887. GENTLEMEN:— Having represented the City of Kingston in Parliament for thirty-four years to the best of my ability, at the request of many of your most prominent and best citizens I again offer myself as a candidate for your suffrages. I appeal with confidence to all my old friends, and their sons, and the sons of those who have gone to their rest, to again rally round me and give me that cordial support which I was wont to receive in the old Limestone City in days gone by. My record as a public man is doubtless well known to you, and if on this, possibly the last occasion on which I may ask for the support of any constituency, you can conscientiously give me your support I shall be deeply grateful. Believe me, Faithfully yours, JOHN A. MACDONALD.

THE DEBTS COMPARED.

Table comparing debt per annum for 1878 and 1887, showing average increase and deficits under Grit and Conservative rules.

ODD NOTES

That go to show the standing of the two parties. General capitulation to the Yankees in the shape of abandoned fishing rights, abandoned factories, abandoned works, abandoned food, abandoned armaments, abandoned nationality, abandonment all along the line, is not a policy to suit the young men of Canada, yet it appears to be the only policy the Grits are advocating.

I am a Protectionist from the crown of my head to the soles of my feet.—T. V. Powderly, Grand Master Workman of the Knights of Labor.

The gain the farmers have made is largely due to the increase in the foreign trade of the Dominion, the enhanced prosperity of the country over, that the National Policy has produced. At the port of Montreal alone the tonnage of ocean-going vessels has more than doubled since 1878. Here are the figures:— OCEAN VESSELS ARRIVED AT MONTREAL, Number. Tonnage. 1886.....703.....809,699 1885.....629.....683,854 1878.....516.....397,268 1877.....513.....376,859

No wonder the rate of freight from Montreal to Liverpool has declined to the advantage of all exporters, when the tonnage of vessels seeking outward freight is increased more than one hundred per cent. in eight years.

all classes in the Dominion free to trade as they please." The N. P. says: "Trade in Canada when you can. Buy your manufactures in Canada. Buy your food supply in Canada." Mr. Blake says: "No; you should be free to buy wherever you please."

The amount of overdue commercial paper held in the banks forms a pretty accurate indicator of the condition of general business at the time. Now, let us go back a few years, and see how this applies by comparison with affairs to-day. The amounts of overdue commercial paper during the Grit Administration were three times as large as they are to-day, as follows:— 1875, overdue on each \$100.....\$4 72 1876 " " " " " " " " 4 30 1877 " " " " " " " " 4 45 1878 " " " " " " " " 4 50 1879 " " " " " " " " 4 98 1886 " " " " " " " " \$1 03

SOME POLITICAL POINTERS.

Mr. Blake and his friends have made this much pretty plain, that their strategy is to kill the National Policy by inches. The Canadian people are not likely to give them the chance.

"I am a National Policy man. Those who do not agree with me on that subject, though they may support me on others, will fail me on the point which is more essential and more important to the future prosperity of Canada than any subject that can be submitted to the Legislature of a nation."—Sir John A. Macdonald.

Ladies, if you want to be still able to buy cheap tea and coffee, urge your fathers, husbands and brothers to vote for the party pledged to keep these articles which you use every day free of customs duty.

General capitulation to the Yankees in the shape of abandoned fishing rights, abandoned factories, abandoned work, abandoned food, abandoned armaments, abandoned nationality, abandonment all along the line, is not a policy to suit the young men of Canada.

Why should a duty which has rendered the country a real service be repealed or reduced unless it is intended that the foreign manufacturer shall thereby secure more ready access to our markets? If experience shows that it has harmed no person but that this foreign manufacturer why should any loyal Canadian agree to surrender one hair's breadth of his patriotic provisions?

SUPERANNUATIONS.

The Grit orator, engaged in misrepresentation, the only work which can give him hope to deceive the electorate, rejoices in the superannuation expenditure. He rolls it as a sweet morsel under his tongue, declares it to be an evidence of the corruption of this Government, and cries "Turn the rascals out!" He uses only the fact that there is seen in the accounts the receipts from officials \$50,000, payments to superannuated officers \$200,000; but carefully passes over the other fact that there is in almost every case a saving, which in the accounts does not appear at the credit of the superannuation fund, and which cannot be detected unless each case is taken up and followed to its conclusion as hereinafter shown.

Usually the person superannuated is well advanced in life; he has served out his usefulness and is at the head of his class, drawing its highest salary. He is given a sum proportionate to his length of service, and the officer next to him in the class below is moved up, but at the minimum salary, and so on to the third class, in which there would be a vacancy to be filled at the minimum salary. For example: A chief clerk at the head of his class with a salary of \$2,400 is superannuated after twenty years' service, his allowance will be \$960 per annum; then the senior first-class clerk, drawing \$1,800 per annum, is made a chief clerk at the same salary—with the right to increase in twelve years to \$2,400; the second-class clerk at the top of his class, at a salary of \$1,400, is made first-class with the same salary, and the third-class clerk at the top of his class at \$1,000, is made second-class at \$1,100, and a third-class clerk appointed at \$400 per annum. The action will then show the following result:—

Table showing salary of retired officer (\$2,400) and new appointment (\$400), resulting in a saving of \$940 per year.

The Act requires that each session there shall be laid before Parliament a return showing the persons superannuated during the year, the retiring allowances, and whether the vacancies have been filled or not. Take the return of last session as detailed by the Minister of Finance (see page 43 Budget Speech):—

Table showing superannuated during the year, allowances, and gratuities for various departments like Agriculture, Public Works, Marine & Fisheries, etc.

Showing a saving of \$317,351 88. This is the statement given and published by that commission, and yet when the Grit is orating he overlooks it, but is very particular to select some cases where a small sum was paid into the fund and a larger drawn out, and makes no attempt to follow the case through the records to see what changes it led to, and whether the result was a gain or a loss to the country.

In England the system is in operation without any tax on the official during the period he is drawing his salary, and it is considered of great value in maintaining efficiency and economy.

It is true that the Act may be abused and, as it was on the statute book all the period of Mr. Mackenzie's time, we may infer that he kept it there, either for efficiency of the Service or for corruption, or for both, as suited the party. Looking over the long list superannuated by them, there are cases suggestive of

You had better speak now. C. O. Blake.

READ THE RECORD!

NATIONAL POLICY vs. THE CARTWRIGHT TARIFF:

THE TWO POLICIES CONTRASTED.

UNDER REVENUE TARIFF. UNDER NATIONAL POLICY.

Table comparing Revenue Tariff and National Policy across various categories like railway, bonds, interest, savings, etc.

partment dealing with each superannuation, and the result showed a saving as follows:— In the Department of Finance, \$48,574 73 " " Agriculture 18,910 12 " " England 42,870 78 " " Public Works 21,014 98 " " Marine & Fisheries 30,263 86 " " Secy. of State 5,482 40 " " Interior 6,893 78 " " Customs 177,998 73 Total saving.....\$350,209 38

From which deduct loss in the Dept. Railways and Canals.....\$23,025 00 From which deduct loss in the Dept. Militia and Defence.....3,725 10 From which deduct loss in the Dept. Post Office.....6,107 40 Total saving.....\$317,351 88

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party purpose, rewards for faithful partisans. For example, two postmasters in the Lower Provinces—one superannuated on the 1st July, 1875, and the other 1st July, 1876, each only 62 years of age, but put aside at an expense, up to 1st January, 1887, of thirty-two thousand five hundred and fifty-one dollars, and both vacancies filled by Grit editors; Ellis, of the Globe, and Bl. of the Halifax Recorder. During last session a return was made to Parliament of all on the superannuation list at 1st January, 1886, the date when placed on, and the amount drawn. In that return there are the names of seventy-nine persons, averaging 60 years and 5 months superannuated by Mr. Macdonald in his five years, who had drawn four hundred and one thousand, six hundred and nine dollars, some as high as \$24,579, or an average by each one of \$5,083. These seventy-nine persons had only paid into the fund the average sum of \$137, drawing out thirty-seven dollars for every dollar paid in; whilst in Sir John's Administration of double the number of years, the average paid to each person on the list as superannuated by him is \$2,125, on an average payment in of \$168 or taking out a little over \$12 for each dollar paid in; whilst Mackenzie's men have drawn over thirty-seven to one. If the Grit had a spark of honesty, he would state the whole case, and show that on the average each man superannuated by Mackenzie has drawn out \$5,083 and paid in \$187—being thirty-seven to one whilst in Sir John's Administration the average drawn out is \$2,124, and paid in \$168—or a fraction over twelve dollars out to one in.