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The Journal of Commerce

FINANCE AND INSURANCE REVIEW.

MONTREAL, JUNE 9, 1876.

SIR A. T. GALT'S ADDRESS.

Sir Alexander Galt's address on the Financial and Commercial condition of the Dominion, which was delivered in the Music Hall, Toronto, on the 31st ult., seems to have excited a good deal of interest in that city. Sir A. Galt has had great experience in public life and having been several years at the head of the Finance department is naturally looked up to as an authority on the subjects which he treated. There is reason, moreover, to believe that Sir A. Galt is not unwilling to re-enter Parliament. He has declared his want of confidence in the leaders both of the government and the opposition, and is, it may be presumed, not unwilling to bid for outside support. His admirers profess to believe that a constituency can be found for him in the Province of Ontario, and have even suggested the possibility of both parties uniting in his favor. The utterances of Sir A. Galt at such a time are therefore worthy of special attention, and we feel that our readers will expect some reference to them at our hands. As we fully expected, Sir Alexander Galt has depicted in the strongest language the present commercial depression, which he attributes to "general extravagance, extravagance individually, extravagance nationally, extravagance in the govern-

ment, extravagance that has permeated "the whole of our society." We are unable to subscribe to this dictum of Sir A. Galt. That there is individual extravagance in every community is beyond a doubt, but such exists at all times and has had no particular bearing on the present depression. We believe that there is no ground whatever for attributing individual extravagance to the people generally. Our agriculturists, and indeed the masses of our people have been enjoying average prosperity and as a rule have lived within their means. We do not believe that the Government is justly chargeable with extravagance. Let us not be misunderstood. We have at present special reference to the ordinary charges on the revenue, such as those under the head of "Civil Government," "administration of justice," "charges on revenue" which in round figures amount with other smaller items of the same kind, to some nine millions of the aggregate expenditure. The items on which savings might possibly be effected are "Militia," "Emigration," and "ocean and river steam packet services," and it is doubtful whether any savings could be advantageously made under any of those heads except the first. The charge for the debt including the subsidies to the provinces and the payments to the Indians, amounts to upwards of 11 millions. We have thought it better to analyse as far as possible on such an occasion the public expenditure because such a charge coming from Sir Alexander Galt is calculated to do mischief. If we may believe the newspaper reports, and we do not doubt their correctness, the charge of extravagance against the government was received with cheers and that against individuals with silence. We do not believe that Sir Alexander Galt is one who would wish to render the government inefficient, and from other parts of his speech it is evident that the extravagance of which he specially meant to complain was the expenditure on unproductive public works. He stated that the consequence of the prosperity which was enjoyed during the first four years of Confederation led not only to expansion and overtrading but to the government undertaking "various unproductive public works which we now have to pay for." He elsewhere observed, "I have no doubt that the redundant revenue was mainly the cause of much of the expenditure which has taken place." He proceeded to define those works as "light houses, custom houses, post offices, and a great many other works which if the revenue had been less abundant would have been charged to capital amount." These

works he said were "probably necessary." We regret very much to find Sir Alexander Galt using language which would lead us to infer that he is of opinion that works such as he has described ought to have been charged to capital account. We concur in the opinion that the works in question were much required if not absolutely necessary. Surely the post offices at Montreal, Quebec, Toronto, Ottawa, St. John's N. B., and Hamilton, the custom houses at various places and the numerous light houses were works of great public utility, the construction of which when the revenue was redundant ought not to have been stigmatised as culpable extravagance. We are advocates for the expenditure on those works, but we own that we would have preferred waiting for some of them rather than have constructed them with the proceeds of loans raised in England. The amount expended on works of the character we have described was in 1873-4 \$1,826,000, and in 1874-75 \$1,757,000, the total expenditure in each of those years having been over \$23,000,000. It is strange that Sir Alexander Galt should lay so much stress on individual and governmental extravagance and touch so lightly if at all on the main causes of our depression. Before stating our own views on this point we cannot but express surprise at Sir Alexander Galt's remarks on what he calls the balance of trade against the Dominion which he considers the main cause of the depression. A newspaper, the "Toronto Mail" which holds substantially the same views on this point as Sir Alexander Galt, substitutes the expression "balance of debt" for "balance of trade" but evidently concurs in the opinion that it is a very disastrous thing for the country to have such a balance against it. This leads us to the consideration of Sir Alexander Galt's view of the cause of the depression. We cannot admit that the large expenditure of money which has taken place during the last few years is necessarily an evil. If we may be permitted, for the sake of argument, to assume that the Intercolonial Railway and the canals, works stipulated for with the concurrence of Sir Alexander Galt at the time of Confederation; the expenditure in Manitoba stipulated for when the territory was purchased; the expenditure on the North Shore and Northern Colonization Railroads, on the narrow gauge roads on the Grand Trunk, on the Great Western and the roads promoted by that Company, including the Air line, on the Canada Southern, on the Northern Extension, on the Credit Valley, on the Canada Central, on the Kingston and Pembroke, on the Mont-