" fuel enough for fifty furnaces, for the country on the " east side of the St. John is still an unbroken forest, " except on the borders of the streams." A tolerably intimate personal acquaintance with the whole district leads us to the conclusion that Professor Hind has not in any way over-estimated the case, indeed since his report was written, on the east side of the St John still further deposits have been discovered It is impossible to estimate the amount of excellent iron here lying comparatively undisturbed, and if the process of reducing the ore by charcoal should be found too expensive, it seems more than probable that the introduction of the Regenerative Gas Furnace, and the consequent use of less expensive sub tances as fuel, will ultimately solve that difficulty At all events there is here presented a fine field for practical and scientific investigation, and sooner or later it is to be hoped, the enormous amount of mineral wealth here lying dormant, will be roused into life and usefulness It certainly seems strange that iron of sufficiently good quality for conversion into steel should be taken across the Atlantic to undergo the operation, and we believe that by the aid of skill and capital, the whole manufacture could be carried on in the country with infinite advantage It may be that the construction of the Intercolonial Railway will help to solve the question, for we confess to being of the number of those who believe that the construction of that work will be of as much importance in affording means and opportunities for the development of our latent natural resources as in binding together the scattered provinces of the Confederation.

LETTER FROM ENGLAND.

COMMERCIAL REVIEW.

(Special Correspondence of the Trade Review.)

[PER SCOTIA]

IN addition to all the usual sources of gloom which for many months weighed on our trade and commerce, there have been two additional ones this week. The one is the prospect of a rupture with Spain, caused by the most unprovoked insults to the British flag. It is scarcely credible that any Government will persist in forcing a quarrel when there is absolutely no reason for it, and when success is hopeless, but so far the Spanish Government seems determined to persist in its folly, and already transactions have occurred in Lloyds insuring against the war risk. Yesterday 10 per cent. was paid on English ships to Havana. The other source of disquietude is also political. The unsatisfactory position of the present Ministry in the House of Commons, where it is not merely in a large minority, but where it is attempting, no doubt perfectly honestly, to settle the Reform question, rather than carry any particular measure of its own, and to settle it against the wish of many of its own supporters, and by means which may be perfectly legitimate, but are nearly unknown in at least the history of modern politics, viz, by inducing the House to almost frame the bill for itself, has given rise to considerable uneasiness. It is felt upon all sides that the " position" is not merely unexampled, but most difficult, and that it is impossible for 654 gentlemen meeting in Committee, each with unlimited powers of speaking, and a very large supply of crotchets, to frame any bill at all. Without entering here upon any political questions, there can be no doubt that this uncertainty has had a depressing effect upon trade, and people are more and more disposed to look for an early dissolution, as the only remedy for a state of matters when the House of Commons is probably not in harmony with the nation, and when the Ministry is certainly in a minority in that House

Mr. Disraeli's budget on Thursday night was well received There was no attempt at originality in it and it simply proposed to carry out the general principles of our recent financial policy. The most prominent feature in it was the proposal to carry out in a somewhat simple form Mr. Gladstone's proposal of last year, viz., to pay off, by means of deferred annuities, a portion of the national debt. The amount so proposed to be paid off was £24,000,000, and this was to be accomplished in the year 1885. The other details of the budget will have been with you long ere my letter can reach you, but it may be worth while to point out what are the advantages of this plan, and what objections have been made to it The question is itself of permanent value, and of its general interest no doubt can exist when nearly every nation in existence is more or less in debt.

It may be premised that no person on this side of the Atlantic has the slightest idea to pay off the national debt except out of the annual savings of the nation. The theory started nearly a century ago by Drs. Prim and Priestley, and assented to by William Pitt, that a sinking fund and a mysterious manipulation of it at compound interest would ultimately pay off the debt without such savings, has long been exploded. We are all agreed that the surplus revenue of the country is the only available source.

This being the case, it would, of course, be a very simple thing so to arrange the national finances that there would be a surplus every ordinary year, and that this surplus should then be voted in reduction of the debt. But, unfortunately, however simple this operation may look, it would be found in practice that there would be so many claimants of this surplus, not merely from the heads of the great departments, the army and navy, &c, but from every independent member of the House who had some peculiar view relative to the special unfairness of some particular tax, or the absolute necessity for doing some very expensive work for the general benefit, that the surplus itself would very speedily be dissipated. The House of Commons is, in fact, a very easy-going body, which votes away large sums without much enquiry, and is not indisposed to acquiesce in the view that all taxes are nuisances. No Chancellor of the Exchequer can adequately control its expensive tendencies, except by some expedient such as making the charge for reducing the annual debt a fixed one, and not subject to annual review and criticism as a portion of the surplus All, therefore, that is necessary to be done is to see that an economical scheme shall be adopted for applying a portion of the national resources, before it becomes the so-called surplus of the annual budget. And, upon the whole, the plan of deferred annuities is as good as any.

There have, indeed, been two chief objections urged. The first that in time of war it would be necessary for us to borrow money to meet the expenses, and that it would be a very absurd thing that whilst borrowing money in millions to meet an expenditure, we should be paying off little driblets of the national debt. The answer to this, however, is that the operation can practically be suspended at any time, and that the attempt to pay off the debt in time of peace will enable us to borrow on better terms in time of war.

Another and a much more important objection has, however, been raised. It is said that in order to pay off the national debt you have to take the money out of the pockets of the people, and that it would be as well to leave the money in their pockets, when it would 'fructify" of itself, and be at least as usefully employed as it could be in any other way. There is undoubtedly a great deal of truth in this argument, and Mr Laing, who was its chief supporter, might have gone a step further, and laid it down that any large and quick payment of the national debt, if such a thing were possible, would be in itself a temporary, and, perhaps, even a serious evil It would take money from men of business, who are well able to employ their capital, and give it to the fundholders, who are generally people not in business, and not well able to employ money, and the result would undoubtedly be a very serious disturbance of the present system upon which the capital of the country is distributed, a disturbance which would necessarily result in very considerable loss. Any scheme, however, which is practicable at all for paying off the national debt, must be a very slow one, and not the slightest inconvenience such as I have pointed out could arise.

It must always be borne in mind that a national debt substantially represents the destination at one time or other of so much capital. The money has been raised generally for wars, it has been spent, the nation is so much the poorer, and has, of course, lost for ever any use of this capital. It might, indeed, be that the nation has had a direct pecuniary return for the capital. If, for example, the money had been borrowed to construct railways or canals,—but in this case these works should pay the interest,—and practically the national debt, in the ordinary sense of the word would not exist But as regards a debt, the interest of which has to be raised by taxation, it may fairly be said that it represents so much capital wasted and destroyed It exists, therefore, solely as an annuity paid by one portion of the community to another, and if this annuity were paid off the nation would be neither richer nor poorer

The question is, in fact, very much a practical one, and one in regard to which general principles are not of much value. The great burden of a national debt really arises from the facts that the taxation required to meet the interest on it requires a very considerable sum to be expended in collecting it, and that (what is still more important) these taxes press most severely upon the trade of the country. It is impossible to levy taxes without injuring and annoying trade and traders far more than the mere weight of the tax need necessarily do. To adjust this burden so as to make it as light as possible, and to arrange for its gradual extinction, is all that the best financier can do, and sometimes he will require to sacrifice the one object to the other. If any particular tax impedes the trade of the country, it will be true wisdom to abolish it rather than by retaining it to furnish a fund for paying off the debt, and, on the other hand, it will often be better when the taxation is fairly adjusted, to arrange for the extinction of the debt and so save the heavy charge of collecting the revenue. In such a choice of evils should be found the most emphatic warning against a nation going into debt at all.

There is scarcely any change to report in trade. For the first time this year the stock of cotton in Liverpool is lower than it was last year. The supply of money continues abundant, but this seems almost powerless to produce any improvement, either in trade or in the price of railway and similar securities.

The returns from the Bank of England for this week present the following results:

	Amount	Increase.	Decrease
Public Deposits	£ 8,619,000	£........	£765,000
Private Deposits	17,671,000	501,000	....
Government Securities.	13 111,000	Unchanged	....
Other securities	20,752,000	734,000	....
Notes in Circulation	23,217,000	880,000	....
Bullion	19 569,000	....	118,000
Reserve	11,292,000	. ....	998,000

This return shows the usual changes consequent upon the payment of the salaries of the Government officials, and prior to the payment of the dividend. The reserve, it will be seen, has decreased one million sterling.

The Bank of France returns are as follow:—

	Increase. Francs.	Decrease Francs.
The Treasury Balance	....	13,000,000
The Private Accounts	.. ...	1,600,000
The Commercial Bills.	....	2,800,000
The Notes.	13,500,000	....
The Cash	7,333,000	....

This return shows a continued ease in the money market in France, and an absence of speculation.

April 6th, 1867. H.

DIRECT, VERSUS INDIRECT TAXATION.

(To the Editor of the Trade Review.)

THE alleged popular distaste for direct taxation is apt to remind one of a habit ascribed by Eastern travellers to the ostrich, which bird (they say) upon the approach of danger, plunges its head in the sand and seemingly thinks that difficulties when unobserved cease to exist.

On the contrary, for many reasons, an evil the exact measure of which we can estimate, is less an evil simply on account of our knowledge of its extent, and since taxation is a necessary evil, why not face it manfully? and if a scheme can be devised by which labour and capital can be fairly yoked to bear the burden equitably to each, why throw around the question all kinds of worn out platitudes about its unconstitutionality and the like?

"The people won't stand direct taxes" says one "It is impracticable" says another, but the vagueness of their declamations against the principle, only serves to discover the absence of any real argument.

Permit me to say a few words as to the objection most commonly urged, viz. "the people won't stand it."

For the sake of illustration, let us see what our neighbours over the lakes are paying for the pleasure of doing it blindfold.

Their war debt is certainly a heavy burden, this none will gainsay; but *that* is not the burden which is crushing the enterprise of the United States, driving her manufacturers from foreign marts, and her flag from off the seas That is not the burden which renders it necessary for a mechanic to earn a thousand dollars a year or to starve.

Here is a population of over 30 millions, or say six millions of householders from each of which a contribution of fifty dollars per annum would yield a revenue of three hundred millions, or sufficient to pay the annual interest upon their national debt, and pay all the expenses of their government.

What is fifty dollars per annum to each householder, in a country of such marvellous resources as the United States?