



## Customs Revenue.

JUBILATION almost akin to hysteria seizes our Canadian dailies, when the government announces that our import duties for a given month show an increase over those of the corresponding period of the preceding year. We are told that such a condition is an unmistakable sign of prosperity insofar as people cannot spend money that they haven't got, and if our people have money with which to buy foreign products, then it is a sign that we are prosperous.

When our official returns show that our government has collected a million and a half dollars more in custom duties during a certain month than the same month of a former year, it simply means that we have spent in the foreign markets of the world about eight and a half million dollars more during the month in question, than we did the corresponding period of the preceding year. These calculations are based upon the assumption that our average rate of import duties represent about 18 per cent. of the value of the imported product, and does not provide for the undervaluation of imports as is regularly practised by foreign shippers and Canadian importers of almost every important class of product brought into this country. So it is safe to say that when the custom revenue of the Dominion Government increases a million and a half, in a given month, it means that our already comparatively large expenditure in foreign markets have for that month been increased by at least Ten Million Dollars.

This, it appears to us, should give a rather weak excuse for exultation on the part of either our press, our manufacturer, the public, or the laborer. Canada is a great, undeveloped, producing country, and we surely cannot expect to build it up if we squander our money abroad in the purchase of the product of foreign labor.

What would we think of the business capabilities of a manufacturer who, upon securing his monthly statement of his receipts and expenditures, would become jubilant over the fact that his expenditures for that month had increased 20 per cent. over those for the same period of a former year, purely upon the basis of reasoning that it showed that he must have money or he could not spend it, and insofar as he had the money to spend, he is entitled to believe that his business is prosperous? If a manager of a business institution showed delight when presenting such a statement to his directors, it would be easy to foretell the consequences.

Canada is not a consuming country. At least its future, if it is to have one, is not based upon its ability to consume. It is essentially a producing country and its only hope for a future, depends upon its ability to sell its products to the world and bring back the gold with which to build up a nation industrially and financially sound. Canada is not a nation of holders of foreign dividend producing estates, industrial mining, railroad or bank stocks, that bring into the country annually vast sums that might tend to offset a balance on the

wrong side of our trade ledger. We are a nation of producers, and every dollar of wealth that we may rightfully lay claim to as our own, must come from the consuming nations of the world who have a market for that which we can profitably produce.

But in the face of these indisputable facts, Canada's trade situation presents a most serious and yet ridiculous state of affairs, for our trade returns show that we actually buy more than \$50,000,000 worth of foreign products more than we sell. At the present time this debit balance on our trade ledger is offset by the inflow of foreign capital for investment purposes, and the wealth brought into the country by the better class of well-to-do emigrants.

Our trade conditions present a situation very much like that of the inventor who has a good thing that it takes money to develop, and, after finding a good angel, he proceeds to spend his money on the development of his idea, without any attempt to place his business upon a commercially sound basis. He continues to spend more than he takes in, and each year has his deficit made up by additional cash from the good angel, until financial misfortune one day overtakes his moneyed friend and he finds himself without money with which to make up the deficit created by extravagant and improvident expenditures. He finally discovers, after much hardship, that a business, to be sound, must show a balance on the right side of his ledger.

This is truly our trade situation in Canada. We are safe as long as foreign capital is obtainable to offset our expenditures, in excess of our receipts, but when financial conditions in England or in the United States, abruptly cut short this source of money supply, what will then make up our minus balance? Under our present fiscal policy, we are solely at the mercy of foreign financial conditions, over which we have no control. Commercial or financial independence is impossible as long as we continue to buy more than we sell.

The very secret of the growth and wealth of the United States is in the fact that she sells annually over \$500,000,000 more to the world than she buys. Canada buys more than twice as much from the United States as we sell her. Australia has an annual trade balance in her favor of over seventy millions. Is it not obvious that our trade conditions are unsound, and that, as an undeveloped producing country, our trade balance should be placed on the other side of the ledger?

The importance of this grave national problem will be all too evident when England or the United States is visited with either serious financial or national difficulties. We shall then be brought face to face with a situation that will force us to realize the false sense of security we have been laboring under, and our press will cease to be so jubilant over increases in our Customs revenue. The whole difficulty arises from our commercially unsound tariff laws. Our duties are just high enough to render this a separate market from that of the United