

THE BUDGET SPEECH.

An enormous Surplus; Reduction in National Debt; Increased issue of Dominion Notes; Loans maturing; Special duty on Steel Rails; Retaliation against Germany.

The Budget Speech delivered by the Hon. W. S. Fielding, Minister of Finance, on 16th inst., aroused exceptional enthusiasm amongst the supporters of the Government in the House of Commons, and has been more favourably received generally throughout the country than most of its predecessors.

The Speech naturally divides itself into two main sections, the one deals with the financial conditions of the country, and the operations of the Government in the past and future; the other relates to fiscal questions, changes in the tariff at once to be introduced and others under consideration. The questions grouped under the first head include revenue; expenditures; the public debt; loans; appropriation of the surplus; the accounts of the Intercolonial Railway; increased Dominion note issues and the Government Savings Banks. Under the second head fiscal questions are included, proposed changes in the tariff, suggested and probable changes of duties; reciprocity with the United States and concessions by Great Britain, and the entirely new feature in our fiscal policy, retaliation against Germany for the discrimination shown by that Empire adverse to Canadian imports. Each of these sub-divisions is suggestive of comment that would occupy too much space for entering upon in this issue. We propose, therefore, to give at present only a synopsis of the financial aspects of the Budget Speech, with a bare outline of those matters that are strictly associated with the tariff.

The revenue of Canada since the era of prosperity set in, which the country has enjoyed since 1897, has gone up by leaps and bounds. The complaint is made that this is a reproach to the Government as it merely shows that more taxation has been imposed than is required to meet the annual expenditures. This is a somewhat narrow and ungracious criticism, it is an argument that stultifies itself. When revenue is derived from Customs and Excise the amount of taxation is regulated by the direct action of the people. The increased taxation has been caused by an increased purchase and consumption of foreign dutiable goods, and the increased use of such articles as are subject to excise charges. What the extent of such purchases and such use shall be is not decided by the Government but by the people. Mr. Fielding gave the following table to show the sources of revenue in last two years:

	1901-2.	1900-1.	Increase.
Customs.....	\$31,191,978	\$28,425,528	\$3,766,694
Excise.....	11,197,133	10,318,266	878,867
Post Office.....	3,318,415	3,441,504	476,910
Railways.....	5,918,997	5,213,381	705,616
Dominion lands.....	1,227,976	1,517,319	*289,342
Miscellaneous.....	3,596,288	3,598,945	*2,656
Total.....	\$58,060,990	\$52,517,701	
Net increase.....			\$5,536,088

* Decrease.

The Excise revenue was shown to be as follows:—

Article.	1900-1.	1901-2.	Increase.
Spirits, gals.....	\$5,178,275	5,618,113	439,838
Malt, lbs.....	970,855	1,071,608	100,753
Cigars, No.....	822,738	881,597	58,859
Cigarettes, No.....	362,626	400,035	37,409
Tobacco and snuff, lbs.	2,308,466	2,433,355	124,885
Raw leaf, foreign, lbs..	1,046,265	1,137,274	111,014

The Post Office revenue is especially interesting as no other department answers so promptly to or so clearly reflects the improved conditions of trade:—

Year.	Revenue.	Expenditure	Deficit.
1896.....	\$2,964,014	\$3,665,011	\$700,997
1897.....	3,202,938	3,789,478	586,539
1898.....	3,527,809	3,575,411	47,602
1899.....	3,193,777	3,603,799	410,021
1900.....	3,205,535	3,758,014	552,479
1901.....	3,441,504	3,931,446	489,941
1902.....	3,918,415	4,023,636	105,221

When it is considered that since 1896 the postage on domestic and foreign letters has been reduced and an expensive service established in the Yukon and Atlin districts, it is peculiarly satisfactory to find so large an increase in the Post Office revenue and the deficit diminished from an average in preceding ten years of \$560,650 down to \$105,221.

Mr. Fielding gave the following statement of the revenue and expenditure of the I. C. R. for five different years:—

Year.	Revenue.	Expenditure.	Deficit.
1890.....	\$2,928,080 92	\$3,481,472 97	\$553,392 05
1895.....	2,910,717 95	2,950,300 91	3,582 96
1900.....	4,552,071 86	4,431,404 69	*120,667 02
1901.....	4,972,235 87	5,460,422 64	488,186 77
1902.....	5,671,383 91	5,574,563 30	*96,820 61

* Surplus.

Taking the total expenditure of Canada, he made the following comparison of the years 1901-2 and 1900-1:—

Service—	1900-1.	1901-2.	Increase.
Consolidated funds....	\$46,866,367	\$50,759,391	\$3,893,024
<i>Capital Account.</i>			
Railways.....	3,914,010	5,102,838	1,188,828
Canals.....	2,360,569	2,114,689	*245,880
Public works.....	1,006,963	2,190,125	1,183,161
Dominion lands.....	269,060	370,837	101,777
Militia.....	135,884	299,697	163,812
C. P. R.....	8,978	448	*8,550
Total capital.....	\$7,695,488	\$10,078,638	\$2,383,149

* Decrease.

Special Expenditures.

	1901-2.	1900-1.	Increase.
Railway subsidies....	2,512,328	2,093,939	*418,389
South African contingents and Halifax garrison.....	908,681	247,741	*660,939
† Bounties on iron and steel.....		791,089	791,089
Total special.....	3,421,010	3,132,769	*288,240
Total capital and special.....	11,116,498	13,211,407	2,094,909
Total expenditure of all kinds.....	57,982,866	63,970,799	5,987,933

* Decrease. † Previously paid out of customs receipts.