

forced paper currency, as we saw in the case of the late Mr. Buchanan, while forced paper currency, by producing violent fluctuations in the purchasing power of the working-man's wages, gave birth to the first industrial war in the United States.

FROM the inception of the Pacific Railway to the present, the Government and the Legislature have been the willing victims of self-delusion. Parliament was so certain of its creative powers that it proclaimed its intention to make something out of nothing, to build a railway to the Pacific Ocean without increasing the public burthens. To fulfil this promise it was required to build some thousands of miles of railway without adding to the taxes or increasing the public debt. It might as well have undertaken to subsist the whole population for two years without food, to fatten all the cattle in the country on air, to grow heavy crops of grain on naked rocks, or to start a perpetual motion by the simple means of turning a sod with due ceremony on a given day. At the first step of the promised creation an expenditure of many millions was admitted to be necessary; but the millions were assumed to be in the land, and if it would take a little while to get them out, this would be easily done by a judicious anticipation of a latent resource which the railway would make active. The Government would give away lands to some settlers *pour encourager les autres*, it would keep some to turn into cash out of which to repay the capital which the building of the road would make it necessary to borrow, and it would give some in lieu of cash to the company which was to build the road. It seemed to be assumed that the railway would bring all the lands in the North-West within reach of settlement; while in truth the lands to be so benefited are confined to a strip of fifty or sixty miles wide. Some remnants of the delusion that the lands will, in the end, repay the Government for its expenditure on the road are still occasionally met with in connection with a faith which is proof against all the facts of experience; but they are getting scarce and in a short time will no more be seen. It is doubtful whether any delusion equal to this of making the railway build itself was ever conceived out of Bedlam. But that the delusion was real it is hard to believe: Parliament offered to public acceptance an economic paradox, at the same time declaring that with itself implicit faith in the nostrum precluded every shade of doubt. A political railway was to be built, and it seemed to be appropriate not only that all commercial considerations should be cast to the winds, but that the plainest suggestions of common sense should be unheeded. The next delusion was that Amsterdam, New York, London (in less degree) had contributed with Canadians to form a syndicate of surpassing financial strength, which would be able to finance the undertaking and carry the road to a speedy conclusion without danger of hitch or afterclap. The combination was strong enough to do a great deal of outside work subsidiary to the main line; but the entire means of building the main line it soon became evident the Government must provide. All who looked at its economic side condemned the project; while the majority, including both political parties, agreed to subordinate the commercial to the political necessity of connecting British Columbia to the Union by an iron band. From the economic standpoint the first are already justified by the facts; the politicians allege that they too are justified by the political exigencies of the case. However this may be, the political view prevailed, and for better or worse the road already pushed into the heart of the Rocky Mountains must be finished. There will be a new riddle for Parliament to solve this session; but it admits of only one answer, and this answer follows naturally from all that has gone before. The company has faith that, in its hands, the road can be made to pay; and it offers to forego all prospective profits on its lands to enable it to get the means successfully to carry the undertaking through. Unless it can be shown that there is some better means of attaining the object which Parliament has from the first had in view, the acceptance of this proposal, much as the necessity may be regretted, would seem to be inevitable. The question whether the road will pay in the hands of the Company, after all the subventions which it has received, is totally different from the question of the financial consequences to the nation. As to the first, the chiefs of the Company are sanguine; as to the second, illusions can be cherished no longer.

NOVA SCOTIA is before the Federal Government with a petition for an increase of the annual subsidy of which, under the terms of the union and by subsequent arrangement, she is in receipt. This Province was not allowed freedom of action when it was resolved to make her a member of the Confederation, and she now deems herself at liberty to review the financial terms of the Union. The two political parties, differing upon every other subject, unite in this demand. If, after nineteen years, the financial basis of Confederation is to be treated as unsettled, it would seem

hopeless to look forward to any time when it would be secure against disturbance. An additional grant to one Province could not be made, except under very exceptional circumstances, without giving rise to counter claims; and if "better terms" are to be given from time to time, the pressure on the Federal Treasury will prevent any reform in the tariff, and Protectionism in its worst form will be permanently fastened on the country. Instead of a decrease an increase of the tariff might be looked for. If more revenue be necessary, in what form and under what authority ought it to be collected? Shall the Provinces which want the revenue collect it in the form of direct taxes for themselves, or shall the Federal authority collect it for them in the form of indirect taxes? The duty of imposing new or adding to old taxes, on whomsoever it may fall, is a disagreeable one; and it is not surprising that the Provinces should try to escape from the odium which will attach to its exercise; but the best rule must be that each Government should provide for any fiscal necessities which the subsidy is insufficient to meet. Provincial autonomy will be best preserved by each Province having control over its own financial resources. Each Province ought to know best what form of direct taxes can be collected with the least inconvenience to its people; and when it asks an increase of subsidy it must give the Federal Legislature the choice of the mode in which the additional revenue which the demand implies shall be collected. Practically the demand implies an increase of the customs duties, and this means an increase of Protection. Is Nova Scotia willing to take the consequences of the demand which she is now making?

IT is stated that our distinguished militia officer Colonel Williams has offered to raise a regiment in Canada for the British service. Here is an excellent opening for those members of the Dominion Parliament who are so anxious that Sir John Macdonald should at once introduce a measure of Imperial Confederation. All that Colonel Williams proposes, presumably, is that Canada shall allow herself to be used as the recruiting-ground, in return for which she is to receive the commissions, England paying the whole cost. In place of this, which after all is rather an equivocal way of "raising a regiment," let the Imperial Federationists in the Dominion Parliament move to equip and maintain the regiment at the cost of Canada. Nothing that they could do would tend more effectually to demonstrate the practicability of Imperial Federation. For our own part, though we are not believers in Imperial Federation, we should heartily applaud as an act of wisdom no less than of filial affection such a contribution to the defence, in a perilous hour, of the heart of Anglo-Saxon civilization. Simply to offer Canada as a recruiting-ground is not a very signal proof of devotion. Canada served as a recruiting ground on a large scale for the Federals in the American Civil War.

THE decline in the revenue for the fiscal year ending with June last was over four millions of dollars, a small part of which only was due to a reduction of taxes. The shrinkage was almost entirely in the Customs and Excise. There was still a surplus on the year, and it is probably the last of the series. In the first seven months of the current fiscal year there has been a deficit of over a million. Sir Leonard Tilley's confident estimates of continued surpluses of large amount for a series of years will not be realized, and it is well that they should not. The Minister of Finance has allowed himself to drift into a habit of giving protection to any one with a new nostrum that asks it, and in so doing he has virtually given up the control over the tariff. Of applications for changes in the tariff there will be no end; and the Minister of Finance must expect to land wherever interested advisers may see fit to lead him.

WHETHER Khartoum really fell when rescue was at hand, or whether it had been virtually in the hands of the Mehdi long before and was allowed to remain apparently in those of Gordon as a bait to draw the British army to dangerous ground, appears now to be a moot question. In any case the event is disastrous. Yet surely the wailing has been excessive. England seems to have lost something of her self-command: let us hope that she has not lost any of her fortitude. The pillars of the Empire can hardly be shaken by any misadventure in the Soudan. People talk wildly of a general rising of Islam: let them restrain their paroxysms at all events till the signs of this general rising appear. Reinforcements are needed and will be sent. The Arab army attacked General Stewart apparently with its full force; was totally defeated, and in the subsequent engagements showed all the moral effects of defeat. The most serious part of the matter, after all, is the ascendancy in the national councils of such influences as those under which this hap-hazard enterprise was undertaken. It could not be incumbent on the Government to risk a British army for the extrication of a private adventurer from the desperate position, far beyond the