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### THE BUDGET SPEECH.

Though Mr. Cartwright was one of the first to foresee a prospective falling off in the revenue, he failed to gauge the amount with an approach to accuracy, or to grasp the full extent of the coming decline. Even after he had had to meet one year's deficit, he was still unable to foresee that he was threatened by a repetition of the disaster. In the last two years, the united deficits have amounted to \$3,261,000. The true policy would have been to cover the deficit of the first of these years by an excess of revenue in the second; the alternative was to trench on capital to that amount for living expenses. A second deficit becomes a very serious matter. We are obliged to draw on capital for ordinary expenses to the amount of nearly three millions and a half. This is an extremely weak point in the finances of the Dominion. The second deficit was a matter of pure miscalculation. It was an evil which ought to have been prevented. In such cases, the only safe thing is to err on the right side. With a considerable deficiency in the revenue one year, the Minister of Finance is bound to see that it does not occur again. We are still well within the limits of the revenue tariff; and from an increase of duties judiciously levied, we might count with certainty on an augmentation of revenue. The only thing necessary was to have the courage to face the inevitable in time.

Mr. Cartwright points out that, in these two years, the contribution to the Sinking fund was \$1,650,000; that all we have to draw on capital in that period is \$1,700,000. This is true; but the object of the sinking fund is not to fill the gap of a deficiency in the annual revenue. To treat it in this way is to diminish the means of paying off debt; to draw on capital, in another form. We cannot reduce the deficiency by this mode of changing the destination of the Sinking Fund. The only thing that can be said is that the case is not so bad as it would have been if there had been nothing set apart for Sinking Fund.

During the first seven months of the cur-

rent year, the revenue has shown an increase of over a million dollars; the amount being \$13,434,235 against \$12,492,279 for the corresponding period last year. At this rate we shall barely be able to pay our way in 1876-7, with the present sources of revenue, while the deficits of the previous two years remain a charge on capital. This is not a proper or desirable state of things; and it is impossible not to feel that a grave financial error has been committed.

For strictly revenue purposes, an increase of taxes was requisite, and the necessity ought to have been met. A miscalculation is not an error of policy; it is an error in the anticipated amount of revenue under the existing tariff. The question of policy would have arisen, if a revision of the tariff had been undertaken, as it is now obvious to every one it ought to have been. And even then, revenue should have been the first consideration. But that would not necessarily have precluded the further consideration whether there were not reasons for giving the tariff a national complexion. The issue between the two political parties, to which this question gives rise, is narrowed down to a very small point. During the debate, Dr. Tupper said: "What we ask is not increase of taxation, but a readjustment of taxation." That is, they do not seek taxation for any other purpose than to meet the requirements of the revenue; but in any case, they would readjust the tariff. The importance of this avowal would be greatly increased, if we could be certain that Dr. Tupper had here given an authorized interpretation of the resolutions recently passed at the Conservative convention and quoted by Mr. Cartwright in his budget speech. On his part, Mr. Cartwright undertook to define the position of the Government; a position, in which, he said they were prepared "to fight to the death." Here is his formula: "That all taxation, however disguised, is a loss *per se*; that it is the duty, the sacred duty of the Government to take from the people only what is necessary to the proper discharge [maintenance] of the public service, and that taxation in any other mode is simply, in one shape or other, legalized robbery." This is a plain declaration that, in forming a tariff, revenue ought to be the sole consideration, and that no other element is to be brought into the account. Neither party, according to these declarations, is protectionist; both would in England be called free traders, but free traders with a difference. It is surprising how the nomenclature was confused during the debate. The removal of duties from raw material is called free trade, in England, where the term protectionist long

since became odious; here Dr. Tupper calls the same operation protection of the manufacturer. He will allow us to say that he is inconsistent when he advocates a duty on coal, the material from which manufacturers chiefly derive their motive power.

On his own theory, Mr. Cartwright would probably admit that he ought, on grounds of necessity, to have increased the tariff, or in some other way raised more revenue; and that deficits have arisen in two years from his not having foreseen the necessity.

The chief increase in the expenditure, during the last few years, is easily accounted for. We have come to pay for Northwest mounted police and under Indian treaties \$1,000,000 a year. The interest on Pacific Railway expenditure and the charges on account of British Columbia amount to a million more. The interest on the expenditure on other public works makes the third million. The assumption of the Provincial debts and the expenses connected with the admission into the federation of Prince Edward Island caused an annual charge of \$1,640,000. In the words of Mr. Cartwright, "these five items represent nearly the whole of the increase." But since 1867 the increase is twice this amount—ten millions of dollars. Mr. Cartwright regrets that we cannot enter into new undertakings; but the interest account must steadily increase as we go on with the Pacific Railway construction. If the settlement of the rich prairie lands bears a reasonable proportion to the ratio of construction, we may be partially recouped, through an increase of revenue derivable from a larger proportion; but as this result can only be obtained in this way it will not be safe to make construction very greatly outrun settlement.

Besides the \$23,500,000 of local taxes, Mr. Cartwright estimates that the local burthens, of which Ontario bears one half, figure up to \$11,000,000. He sees with profound and not unwarranted alarm the increase in the municipal taxes of cities. To the city of New York he points as an example and a warning to Canada. Mr. Cartwright is mistaken, however, in supposing that New York city levies \$31,000,000 per annum "for municipal purposes alone." Last year the amount raised in taxes and from the "revenues of the general fund" was nearly thirty-one millions, (\$30,984,269 48), and the estimates for the current year are about two hundred thousand dollars less. But it is a mistake to suppose that this revenue is raised "for municipal purposes alone." It included the contribution of the city for State purposes as well, \$4,162,883.85. If a population of 1,249,000 in New York pays more