

## THE BUDGET SPEECH.

In view of the Joint High Commission not having completed its work, it was not to be expected that the Budget Speech this session would contain any Tariff changes. Without any announcements of this nature a Budget is shorn of its most important features. The work of preparing this deliverance was not that of "making bricks without straw" altogether, for the condition and management of the country's finances, apart from the Tariff, will always furnish ample material for an interesting Budget speech. Mr. Fielding's lines as Finance Minister have fallen in pleasant places, so it was natural for his address to be more jubilant in tone than, probably, any delivered on a like occasion by his predecessors. He opened by stating the revenue of the year to have been made up as follows:—

| Revenue receipts. | 1898.        | 1897.        | Increase or decrease. |
|-------------------|--------------|--------------|-----------------------|
|                   | \$           | \$           | \$                    |
| Customs.....      | 21,704,892   | 19,478,247   | inc. 2,226,645        |
| Excise.....       | 7,871,662    | 9,170,378    | dec. 1,298,716        |
| Post Office.....  | 3,527,809    | 3,202,938    | inc. 324,871          |
| Sundries.....     | 7,450,872    | 5,978,213    | inc. 1,472,659        |
| Totals.....       | \$40,555,235 | \$37,829,776 | inc. \$2,725,459      |

This increase of \$2,725,459 in revenue over 1897 exceeded Mr. Fielding's expectations by \$1,255,238, so he may be excused having promptly pulled out this plum from his Budget pie, and metaphorically exclaiming: "See what a good boy am I." Our limited space forbids details being given of the imports from which an enlarged revenue was derived, but as those enumerated cover, practically, the great bulk of those in the Tariff, it is evident that the improved trade prospects of the Fall of 1897 and Winter following encouraged importers to buy more extensively in foreign markets. We note that these articles from which a less revenue was derived in 1898 were nearly all such as are being produced in Canada on an ever increasing scale. Sugar was an exception to this, but into the cause of the decrease in revenue from this article we cannot enter. The decrease in Excise receipts arose from importers in the Spring of 1897 taking an enormous amount of goods out of bond in order to escape the increased taxes which were anticipated.

The expenditure of the year was stated as \$38,832,525, which exceeded the estimates by \$82,525, which in too insignificant for comment. The increased outlays were chiefly in cost of Mounted Police, a Yukon necessity; in Sinking Funds, which are mere transfers from one account to another; in Customs, which were caused by the extra services required by enlarged imports and the additional labour involved by the preferential tariff; and in Public Works, which, as traffic develops, demand larger expenditures. The increases were offset by reductions in other services, notably the Post Office and Legislation, so that the balance of increases and decreases in outlays only left \$82,525 as an excess of the expenditure of 1898 over

what was estimated. The net result of the year's operations was a surplus of \$1,722,212. The net increase in the debt in 1897-98 Mr. Fielding stated to be \$2,417,802. This must be regarded as quite a moderate sum when we consider what extensive improvements have been in progress on the canals and other public works. We fancy the Finance Minister's critics in this matter will find it difficult to discover a hole in his armour large enough for any dangerous weapon. We trust, however, that the Government will not make the too common mistake of enlarging its obligations for permanent expenditures on the basis of such large revenue receipts as it enjoyed last year, which may not be maintained. The country will approve of any Government making what improvements are essential for the public canals, railways, harbours, etc., being equal to the requirements of its trade, but Canadians are an economical people, and they will not regard a large increase of revenue from taxation as a sound reason for outlays which might be avoided without injury to the public services. We trust the effort about to be made to induce the home Government to place Canadian stocks of a certain class in the list of securities authorized for trustee investments will be successful. The bonds of this Dominion, and others issued in Canada, are "sound as the wheat," and offer unexceptionable opportunities for trustee investment. Were this done in time, a material saving of interest on the national debt might be effected when bonds now current have to be redeemed and new ones issued. We agree with Mr. Fielding in regarding it unreasonable to deny that a surplus exists in any year when the total outlays for current expenses and for capital outlays together exceed the revenue. This theory has never been recognized by any Finance Minister of Canada. It practically prohibits any improvements of canals, harbours and other public services being carried out unless the money, therefore, has been, or is being, raised by taxation. In fact, this theory forbids a Capital Account being kept open, for all outlays, were this idea to rule, would be classified as current expenditures. Canada would have had no canals, no public harbours, nor buildings, had its finances been managed in accordance with this theory. Neither do we agree with those who condemn the Government for the revenue being so large, the charge being that it is oppressive taxation. The revenue of Canada is chiefly derived from Customs and Excise, and the people control almost absolutely the amount of revenue those services yield, for they have the option of buying goods subject to Customs and Excise charges to whatever extent, more or less, they voluntarily prefer. We have only space for this brief review of the Budget speech, which has other points of interest. Though the Tariff element is absent, the Finance Minister's statement is a very readable address; it is lucid, frank, and, without being crowded with detail statistics, has a sufficient supply to sustain the arguments and contentions presented by Mr. Fielding in his exposition of the financial operations and policy of the Government in the past fiscal year.