

THE WEEK:

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TOPICS OF THE WEEK.

WHATEVER decision the Government may come to about the application of the Canadian Pacific Railway Company ought to be made known to Parliament at the earliest moment. Every day's suspense will strengthen the natural suspicion that persons who may come into possession of the secret of the undeclared intention of the Government may take advantage of their knowledge to operate in the stock. Indeed this suspicion has already found expression; and as it is neither unnatural nor unreasonable, though it may be unfounded, it ought to be terminated by a declaration of the intention of the Government. The only excuse for delay would be that a decision has not been reached. To the list of delusions which surround this enterprise, General Middleton, Commander of the Forces at Ottawa, makes the latest contribution. He raises the question of fortifying Burrard Inlet, the Pacific terminus of the road, on the supposition that this route to India may have to be substituted for that by the Suez Canal in some military emergency. If there were good reasons for making a stronghold at that point on the Pacific Ocean, it would be for Great Britain rather than Canada to incur the expense. But there is no reason why the cost of the proposed fortification should be incurred. England will be obliged to give up the use of the Suez Canal, as a means of reaching India, only if she loses her command over the ocean; and this power once gone, she would be as weak on the Atlantic as on the Red Sea. Of the two events to which many Englishmen are disposed to look as possible—the loss of India and the loss of the use of the Suez Canal as a means of reaching India—the latter is as likely to be realized as the former. On both subjects the panic is devoid of reason. England is not likely to be driven to the shift of seeking some substitute for the Suez Canal, and if she were the hour of her doom as a first-rate naval power would have struck.

To get an idea of the extent to which the high tariff has checked imports we must look back for a series of years. In each of the years 1873

and 1874 the value of the goods entered for consumption was over one hundred and twenty-seven millions; last year, ending with June, the figure fell to one hundred and eight millions. The requirements of consumers must have greatly increased within the decade, apart from the stimulus occasioned by the construction of the Pacific Railway; and the falling-off in the value of the imports of nineteen millions of dollars at the period of greater demand gives us some measure of the check which the increased duties put on importation. During the present commercial cycle the imports did not rise above those of the previous cycle, while the duties on customs increased eight millions. It was this increase of duties that kept down the importations below what they would otherwise have been, the reduction probably being not less than forty millions of dollars. Since the year 1868, the official figures show that the value of the imports have been \$342,036,633 more than that of the exports. This excess passes with some innocent people for the "adverse balance of trade." The assumed exactness by which the balance is measured is never capable of proof and is generally far from the truth. To make Sir Leonard Tilley's balance approximately correct it would be necessary to add all the shipping charges on the imports from 1868 to 1884. If this were done, the so-called adverse balance would be much greater than the figure it is put down at. But let the hobgoblin be as big and as hideous as it is possible to make it, we must not allow ourselves to be alarmed by the false notion that it represents a loss on our international dealings. But it does prove that the country is largely in debt; much of the adverse balance being caused by paying abroad interest on debt in the form of exports. These debts are in various forms, governmental, municipal, mortgage, debenture. Whether it be a disadvantage to the country to owe these debts depends upon the use to which the capital borrowed has been put, and whether a profit, direct or indirect, is made upon it. Upon some of it, notably that borrowed on the debentures of Loan Companies, a profit is regularly made. Even the debt of the Federal Government is far from representing only loss. Before our expenditure on the St. Lawrence Canals was made, it was practically impossible to export grain from Ontario, for the little that was sent down on rafts is scarcely worth notice. In the absence of any means of getting it to a foreign market, wheat has been sold in Western Ontario for half what it brings now in Manitoba. The loans which enabled us to build the canals and the railways which gave the means of access to a foreign market cannot be said to bring no return. The interest paid on them in produce represents a large part of the so-called adverse balance of trade. Some of these loans may have been so employed as to bring no adequate return even of the indirect kind; but the capital, which represents the various forms of debt for which the country is liable, was generally put to a use which made it yield a full though often indirect return of interest. The Government paid the interest on the Public Works debt out of taxes which the increased price of produce enabled the people to bear. At first, the increased tariff struck our trade with the United States with paralysis. From being nearly equal to our trade with Great Britain the American branch of our commerce was represented, in 1880, by a value of sixty-two millions against eighty millions of dollars. Next year the difference was a little less, and in 1882, our trade with the United States had again risen to an equality with that with Great Britain, and the equality has since been maintained. A recovery so remarkable deserves special enquiry. Have the *ad valorem* duties—a form which Great Britain has abandoned—anything to do with it? Or did the Americans, under pressure of our enhanced tariff, nerve themselves for a severer competition than any to which they had before been willing to submit? The old theory of a sacrifice market implies an abnormal state of things which can never be more than temporary. To enable the Americans to recover this trade, they must have cut down their invoices. Perhaps they have under pressure been accepting prices which in a more active state of home demand they would not be willing to take.

THE finances of Ontario are on the down grade. For the present year the Provincial Treasurer bargains for a deficiency, besides having to deal with one last year which was not foreseen. Perhaps he is right in