

### THE PUBLIC DEBT.

IN controversial statements about the public debt, one party tries to exaggerate and the other to minimise the amount. It would be difficult to find both parties agreeing upon its precise sum at any time during the last forty years. The figure at which it is now admitted to have stood at the birth of Confederation is below that given ten years before by critics, whose object was to make the total look as appalling as possible. Just now, Sir Richard Cartwright and Mr. Blake are crossing swords with Mr. Foster in a dispute over the amount of the present debt, and Mr. McMaster has taken a hand in the fray. One side complains that the other understates the gross debt; the other, that the deduction of the amount of the assets from the gross debt is not made.

Down to July 1, 1885, the figures are easily found; and if we pass them in review, we shall narrow the possible ground of dispute to any alteration of the amount which may have taken place since that date. Confederation made inevitable a large addition to the public obligations, both in the form of annual contribution and of debt. We could not construct the Intercolonial and the Pacific Railways without drawing heavily on the future. Without these roads we should have had a nominal union, existing on paper, while the Provinces, separated by great distances and impassable barriers, would have remained strangers to one another. The progressive increase in the size of the vessels plying on the lakes led to a great additional expenditure for the further enlargement of the canals. The Dominion started with a debt of \$93,046,051.73; on the 1st July, 1885, the amount had risen to \$264,703,607.43. But the whole of the increase was not new debt; old debts, for which the Provinces were liable, were assumed by the Dominion, and some new ones were artificially created: in the adjustment of claims between the Federal and the Provincial Governments, the Dominion was put down as debtor to this or that Province, and the payment of an annual interest on the debt was agreed upon. The policy of assuming these debts is open to question. It originated in the difficulty of agreeing upon the relative proportions of the old debt of Canada, which Ontario and Quebec ought respectively to assume. This was the reappearance of the deadlock which Confederation was expected to cure: it was a new deadlock, coming from the old cause, the contention about the proportion of the revenue contributed and expended by each of the Provinces under the Legislative Union. The first deadlock was met by the political adjustment of Confederation; the second had a financial solution, which added a large amount to the debt of the Dominion. The initial step in the assumption of Provincial debts by the Dominion led inevitably to others, and the system, once established, tended to perpetuate itself.

Since the 1st July, 1885, the Canadian Pacific Railway has repaid the loan of thirty millions of dollars which it obtained from the Dominion Government, partly in land, but principally in money. The money would reduce the public debt; the land is an asset, which ought at least to return the amount at which it stands.

Provision is being made, year by year, for repayment of a large portion of the public debt by means of a sinking fund. The assets are swelled by other items which bring up the total to \$68,295,915.29. Not that the whole of this sum is represented by available assets, but the greater part of it consists of solid securities which could at any time be converted into cash. It is proper that it should be understood that the gross public debt is liable to reduction by that portion of the assets which has been specially set apart for its repayment; and it should be equally remembered that, since 1867, no less than \$34,815,722.01 has been taken out of revenue and converted into fixed capital in the form of public works.

In the twenty years during which Confederation has been in existence, two circumstances have conspired to lighten the burden of interest borne by the Dominion: the general rate of interest has declined, and the credit of Canada has risen in spite of the increase of her debt. In 1867 the average rate of interest which the debt bore was 5.21; in 1885 it had been reduced to 3.84. Fortunately, the interest which the Dominion receives on its assets has not undergone a proportionate decline during the same period: at the beginning it was 4.35, and in 1885 it was 3.94. The interest on the assets is \$2,694,333.14. The interest on the public debt, \$10,162,275.80, has not much more than doubled since 1867, when it was \$4,851,710.70, though the debt itself—gross—is more than two and a half times as great as it was; and side by side with the interest on the debt stands the interest received on the assets.

What is certain is that, on the 1st July, 1867, the amount of the public debt was \$93,046,051.73, and that at the same date in 1885 it was \$264,703,607.43, against which stood the assets named. Over what addition has been made to the debt, since the latter date, partisan orators will continue to dispute till the official figures are presented in detail.

Mr. Foster recently stated that only \$100,000 had been added to the debt since the 1st July, 1885, but Mr. Blake declines to accept the statement without qualification. If, he argues, the gross debt remains practically at the figures of 1885, much new debt must have been incurred, since a large amount has been paid off. What is certain is that, last session, further liabilities, in the form of subsidies to railways, were incurred to the amount of \$3,301,700. Meanwhile, in the first three months of the current fiscal year, there has been a surplus of about two millions and three-quarters. We prefer not to draw deductions from debatable grounds, but to wait till the precise facts are established.

On the whole, the increase of the debt has been large, but it is not as if no provision for the repayment of any portion of it had been made. In a country so vast as Canada there is much to be done; a prescient statesmanship could not avoid making provision for the extension of agriculture and commerce over new regions; and, where distances are so great, public works had to be constructed on a scale which necessarily involved a colossal expenditure. The financial operation, far from portending ruin, may prove to be as wise and as prudent as it is bold. Let us not despair of the future.

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### THE ELECTIONS IN THE UNITED STATES.

THOSE who look at politics from the outside, or who go no further within than to cast a ballot in fair subordination to reason and conscience, have no cause to be dissatisfied with the incidents and results of the late general election. In the first place, the vote was heavy enough to prove that the electorate, as a body, take sufficient interest in their public affairs to prevent the professional class in politics from having their own way to a dangerous extent, and, secondly, this vote was gathered with gratifying freedom from violence or fraud. In these two particulars the election, on the whole, was a new affirmation of the soundness of the people and their self-worked system of government.

Descending from high politics to practical questions, fresh evidences are afforded of the reluctance of the majority to take any considerable or decided step in the direction of a Free Trade policy without a fuller and more enlightened discussion than has yet been afforded to the masses. Fortunately for a right decision, it seems that this discussion is to be chiefly held in New England, where more intelligence and experience is available to it than in the West or South, where the principal resistance to Protectionism has heretofore shown itself. By a special effort of the organised Protectionists an immediate advantage has been gained to their side by the defeat of Mr. Morrison, the leader of the Free Traders in the House of Representatives, but a man conspicuously unfit for the duties of that position. The removal of Mr. Morrison from a leadership that came to him solely through conformity to traditional usage in Congress is by no means a calamity to the cause he is supposed to represent.

Further confusion and obliteration of party lines has occurred, and this, too, is a substantial gain to the public, seeing that the existing parties, under their present constitution, stand for nothing worthy or useful. New parties are slowly organising themselves upon real, living issues, and the benefits of this movement will not be lost or diminished should the old names be retained, as they may be for some time ahead. Still another nail has been driven in the coffin of Sectionalism, so far as that term stands for division between North and South, and resurrection has been brought yet nearer to absolute impossibility.

That fanatical form of the temperance movement which has dogmatised itself under the name of Prohibition has shown a decline and weakness surprising even to the most unreasonable of its enemies, and, unless there shall be a recrudescence two years hence, those who wish to ameliorate the undeniable evil of the liquor traffic without sacrificing personal liberty or rational enjoyment may win a useful field and valuable allies for a work that is crying for performance, but is greatly hindered by the implacability of those who have arrogated to themselves the sole charge of it heretofore.

The immediate effect of the large vote cast for the Socialistic candidate for the mayoralty of New York is not likely to be wholesome. That Machiavelli of American politics, Mr. Blaine, is already at work upon it in behalf of his Presidential canvass in 1888, and there is no likelihood that he will be left without demoralising competition from rivals in his own party or the party opposite. But the badness of municipal government is a foul and dangerous plague spot upon our body politic, and the evil grows with the steady increase in the size and number of our cities. There can be no cure until a divorce is effected between national and municipal politics, and this divorce cannot prevail over deeply-rooted party habits until the dwellers in cities who have anything to lose are aroused to a sense of the personal danger that impends over each individual of them,