

# The Monetary Times

## AND TRADE REVIEW,

With which has been incorporated the "Intercolonial Journal of Commerce" of Montreal, the "Trade Review" of the same city (in 1870), and "The Toronto Journal of Commerce."

ISSUED EVERY FRIDAY MORNING.

SUBSCRIPTION—POSTAGE PREPAID.

Canadian Subscribers.....\$2 a year.  
British ".....10s. sterling a year.  
American ".....\$2.50 U.S. Currency

BOOK AND JOB PRINTING A SPECIALITY

Office—Nos. 64 & 66 Church St., Toronto, Ont.  
EDWD. TROUT, MANAGER.

TORONTO CAN., FRIDAY, FEB. 25 1381

### THE BUDGET.

As a means of producing revenue, the Tilley tariff has proved a success. In the first year there was a deficiency, caused by the anticipation of revenue in the face of an impending increase of duties. Nobody knew exactly where the additional duties would fall, and as everybody wanted to get off with paying the lower rate under the old tariff, very large amounts of goods were taken out of bond. These extraordinary receipts in the fiscal year 1878-9 lessened, to even a greater amount than the receipts, the revenue of 1879-80, since the new duties would have produced more than the old. With seven and a-half months of the current year past, the Minister of Finance thinks he is warranted in expecting that the revenue will come up to \$27,586,000, which is a large increase on the estimate of \$25,517,000. This discrepancy, though it appears in the agreeable form of an overplus, does not speak well for the accuracy of the estimate. The difference arises from an increase of business, on which Sir L. Tilley did not venture to count. A surplus in round numbers of two millions, (\$2,011,000,) is something which has not appeared in the accounts of Dominion finance for many years, and for which no one ventured to hope.

But this surplus is not expected to stand alone. Next year, the estimate is, there will be a surplus of \$1,500,000. The increased revenue, as generally happens, will be accompanied with increased expenditure. The increase, on this side, is put down at \$884,000. One of the items that compose this total is contingent, and the money may not be expended. \$50,000 is put down for a line of steamers between Quebec and France, but the line cannot be established unless the French Government be willing to grant twice this amount, and on this point there seems to be some uncertainty. \$25,000 is put down for a fortnightly trans-Atlantic steamer, to run alternately from Halifax and St. John, calling, besides, at Prince

Edward Island. Some reductions will bring down these two amounts, if the first \$50,000 be required at all, to \$56,140. Railways and Canals are to absorb in repairs and enlargements an additional amount of \$76,268. That part of this item which will represent canal enlargement, might reasonably have been charged against capital; but when there is a surplus, the distinction on this side, between revenue and capital, loses some of its ordinary importance. The increase in the Post Office Department will be large, \$91,500; but, at the same time, a considerable increase in the income is expected. The militia service, which considers itself shabbily treated, is to get an addition of \$51,800, which will have the effect of adding some days to the annual drill.

In the tariff some changes, in the direction we have from the first pointed out, are to be made. The policy of putting duties on raw materials used in different kinds of manufactures is in direct opposition to the principle on which the tariff is avowedly based. And now a number of articles paying 20 per cent. duty is to be put on the free list. This is reasonable and right; the change will tend to make the different parts of the tariff harmonize. But this reform is not to be thorough and complete.

The coal duty, the greatest blot on the tariff, is to remain. The pretext for its retention is that there may possibly be an occasion for the Government to use the power with which, on a previous occasion, the Legislature armed it, to reduce the duties on coal, lumber, grain, and other articles, in the same proportion that the Congress of the United States may decide to reduce theirs. Legislative reciprocity never seemed more distant than at present, and it is mere moonshine to shrink from sacrificing an imaginary equivalent in a negotiation which, if entered on at all,—and even that is improbable—has no present chance of success. The impolicy of abolishing the coal duty we cannot see. That duty injures the consumer and takes from the manufacturer a natural facility which he ought to possess, while it does very little good to the owners of coal mines. We welcome the feature of the proposed tariff change, which transfers a number of raw materials to the free list, and only regret that it is not more thorough and complete.

In another respect, the Government has entered on very dangerous ground. So long as the encouragement to manufactures came as an incident to a revenue tariff, much could be said for and very little against it. But now with a surplus which it requires some ingenuity to get rid of, the Minister of Finance proposes to give the country a taste of protection, for the sake of protection. "The resolutions," in the words of Sir Leon-

ard Tilley, "also provide for the increase of the duty on some manufactured articles, where the Government feel that it is desirable that additional protection or support should be given to those particular industries." This is a new departure—protection for its own sake without any countervailing advantage—and we need not say that it cannot find its justification in reasons by which a well-arranged revenue tariff may be supported. Sir L. Tilley claims for the tariff that it has not only provided an abundance of revenue, but has at the same time given great encouragement to domestic manufactures. This claim is well founded, and that is all the more reason why the principle on which it rests should not have been departed from.

Sir L. Tilley cites the increase in the consumption of coal as proof of the activity of our manufacturing industry. In 1878-9, we imported 889,740 tons, and consumed 354,603 tons of Nova Scotia coal. Next year, the importation rose to 973,778 tons, and the consumption of Nova Scotia coal to 811,719 tons; in other words, of the total increase of 341,154 tons, Nova Scotia contributed 257,116 tons. The duty, it is plain, had the double effect of checking importation and causing an increase in the consumption of Nova Scotia Coal. On all the coal imported for steam purposes, the manufacturers had to advance the duty, and on the coal not imported an increased price, proportionate to the duty, was paid. On both sides, the manufacturer was handicapped. The royalty on Nova Scotia coal, exacted by the local government, is in fact another tax, and if this tax were repealed, as it ought to be, the colliers would be able to reach all that part of the home market not closed against them by the law of greater distance; this is all they are entitled to and all they will get in the end. The distant provinces will not tolerate, as a permanent condition of things, that they should be obliged to go to Nova Scotia for coal, on pain of being heavily taxed if they get it where it is found near at hand.

The Minister of Finance estimates at a million and three-quarters the increase within a year of the production of cotton, and the increase in the number of hands employed in the cotton factories at 1850, while the increase in the value of the raw cotton imported was \$871,478. The product of this material, when worked up, is put down at \$2,396,564. This figure, in the words of Sir L. Tilley, represents "the increased value of the products of this industry in eighteen months." It is claimed that during this time, the Canadian product was sold at as low a price as that ruling in the manufacturing of Massachusetts. But the price in