

THE BUDGET AND THE BUDGET SPEECH.

The yearly Budget brought down by the Minister of Finance is a general view of the national debt, of income and expenditure, of ways and means, with any plan proposed for taxation or relief from taxation. However interesting it may be, occasionally, to branch out into a wide excursion over the field of statistics relating to other financial matters, such excursions are not part of the Budget, they are merely a series of facts, inferences and reflections, which are sometimes presented for political purposes. The object in view in introducing such materials into a Budget speech, which, according to the precedents set by the British Chancellors of Exchequer, should be confined to the above named topics, is to extol the existing Government at the expense of the Opposition.

Mr. Fielding may be congratulated upon having, during his term of office, been almost content with recording the growth and commercial progress of the Dominion, without making any very extravagant claim that the credit of improved times is due to the Administration. He has given us statistical evidences of the national prosperity, knowing that, until the tide turns, the free and independent elector will probably remain happy and careless about the political condition of things. The very convincing figures quoted to prove the enlarged business of the country, we take the liberty of condensing into one line of significant figures, showing the increase which took place respectively in the deposits and discounts of the chartered banks, and in the foreign trade of the country, between 1896 and 1899:—

Increase in Deposits at notice.	Inc. in demand Deposits.	Inc. in Discounts.	Inc. in Foreign trade.
\$ 47,668,956	\$ 33,486,630	\$ 56,156,527	\$ 82,635,853

In his Budget speech of 1898 Mr. Fielding said: "The general business of Canada has become prosperous, because prosperity has come to the great agricultural class of the people." He was then on solid ground, and we are glad to note he has not left it, although in the speech under review he occasionally wanders perilously near to the quicksand of claims that the prosperity of the country has come as a result of the fiscal policy of the Government. We say "quicksand," because, according to his own words, used on the 5th April, 1898, the prosperity of this country results from its enlarged resources by better harvests, and better prices for agricultural products, not from manipulations of the duties on imported goods, as he may have been inclined to, claim was the case in his recent speech. The surplus at close of June last was stated to be \$4,837,749, and the one anticipated next June, \$7,500,000, making together \$12,337,749, as the excess of income over expenditure, leaving out the sums charged to capital account. With such conditions existing, there ought to be a large appropriation towards reducing the debt. In 1903, there will be \$9,733,333, or, £2,000,000 sterling, maturing, which the surpluses of 1899 and 1900 would

pay off, and still leave \$2,604,410 as a nest egg, a reserve towards paying the bonds due in 1904, which amount to \$1,460,000, or £300,000 sterling. A serious effort to reduce the debt by these surpluses would redound to the credit of the Finance Minister, who, we trust, will set his face like a flint against these funds being dissipated by needless expenditures. The establishment of reciprocal free trade with Trinidad is a matter of comparatively small moment. The total exports and imports of the island last year were, together, only \$1,800,000, of which trade 25 per cent. was done with England. The Budget speech announced a further preferential allowance on British imports, which are to be entered at a rebate of one-third of the duty instead of one-fourth, as in the period since 1st August, 1898. Goods charged 30 per cent. from other countries are to enter Canada at 20 per cent., and those at 35 per cent. are to bear only 26.34 per cent. It will be of pertinent interest to note what has been the effect of the preferential tariff, so far as it can be traced in the official returns. In 1897 and up to 31st July, 1898, a preference of 12 1-2 per cent. was nominally allowed on British goods, but, as the Government found this policy to be contrary to old country treaties, it had to be extended under those treaties to a number of other nations. These obstacles being removed, the imports of Great Britain on and after 1st August, 1898, were granted a rebate of 25 per cent., which they have enjoyed to this time. We have then one clear year for observation, from which we gather the following tables showing the imports of Canada, for the entire period during which a preferential tariff has been in force:—

Imports from	1899.	1898.	1897.	Increase in 1899 over 1897	p.c.
	\$	\$	\$		
Great Britain....	37,060,123	32,500,917	29,412,188	25.8	"
United States....	93,007,166	78,705,596	61,549,041	50.8	"
France	3,889,295	3,975,351	2,601,351	49.5	"
Germany,	7,393,456	5,584,014	6,493,368	12.2	"
Belgium.....	2,318,723	1,230,110	1,163,632	99.0	"
Other Countries.	10,382,830	8,702,024	9,974,441	4.0	"
Total Imports, ..	154,051,593	130,698,006	111,294,021	38.3	"

The above proves that all along the line there were increases in our imports after 1896, and that, although favoured by a preferential tariff, those from Great Britain did not increase by as large a percentage as the imports from the United States, France or Belgium. In the face of such a record as the above, it can hardly be said that the increase in British imports is attributable to the preferential tariff. As to the effect of the increased rebate in favour of British goods, we see no reason to anticipate its having any material effect on the volume of imports from Great Britain. The extra preference will not over-balance the very great advantages enjoyed in our markets by American manufacturers by their proximity to Canadian customers, their ability to supply orders at a few hours notice, and their style of goods being possibly more in accordance with the needs and tastes of Canadian consumers. How seriously British trade with Canada is handi-