

great distrust of foreign enterprises and loans, consequent upon the terrible losses sustained during the last few years. There is consequently a strong disposition to invest money at home, and to place it in something tangible. A person who has been swindled by lending his money to a foreign state thousands of miles away across the sea, naturally thinks if he builds a row of houses, he has, at any rate, got something that he can look at. Even if half of them are empty, that is only a loss of interest. His principal, in any case, he considers intact. And there was a strong temptation to build at the beginning of last year, from the low price of labour and building material. The unsettled condition of things in the East will increase the tendency to spend money on home improvements; and when general trade revives, for revive it will, unless all experience is falsified, it is probable that the demand for buildings will go on at an increasing ratio for some time to come.

One marked feature of the export trade has been the introduction to the English market of Michigan deals, which are sought after because of their superior quality and size. It is worthy of note by our timber manufacturers that quality is increasingly looked for in the British markets. This is certain to be the case as the finer trees become more and more scarce. The proportion of clear to commoner qualities is becoming less and less, all over the timber growing regions. Swedish manufacturers are paying particular attention to sorting and quality, and certain districts are aiming steadily at acquiring a name that will of itself carry weight in the English market. Some houses have a brand that secures a sale for the goods the moment they make their appearance. We would like to see the energy of our manufactures turned in this direction with more persistency than ever.

**THE PUBLIC ACCOUNTS, TRADE RETURNS, &c.**

The Government are much to be commended for the prompt and business-like manner in which they have laid these returns on the table at the very opening of Parliament. This must inspire a certain confidence in the men who have our national affairs in hand. It looks like business. It is very practical. Whatever differences there may be on political issues, or even on some points of commercial policy, there can be none as to the desirableness of placing before Parliament, at the earliest moment, a statement of the financial position. This is particularly

the case, when, as at present, there is a deficit, owing to an immense falling off of revenue, arising from severe curtailment of trade.

The statements laid before Parliament show very clearly that we have entered on most dangerous ground in committing ourselves to heavy permanent expenditures, involving a constant increase of indebtedness. For the indebtedness involves a steady annual charge that cannot be curtailed. However disposed to economy a Finance Minister may be, his power in that direction is limited to a few out of the many items of expenditure; and to go on increasing permanent debt is simply to tie the hands of the Minister more tightly year by year and compel him to meet the position by adding to the burdens of the people. Whether the people of this country are in a position to meet such increased burdens, let any impartial person say. The increase of the public debt is a matter calculated to inspire apprehension. This is especially the case when we attempt to forecast the future in the light thrown upon it by past experience. The debt at the time of Confederation was \$75,000,000, this was in 1867; five years afterwards it was \$77,000,000 only. Since then it has increased as follows:

1872.....	\$ 82,000,000
1874.....	108,000,000
1876.....	124,000,000

The increase of annual interest between 1872 and 1876 is \$2,000,000, which is exactly the amount of the present year's deficit. Can anything prove more plainly that the expenditure has been on an unwarrantable scale?

From 1870 to 1874 inclusive, we had a period of constant growth and increased prosperity. Much of this has turned out to be fictitious. But in 1875 a decided turn of the tide took place. Importations were not checked at first, but losses and disaster went on at such an accumulating ratio that, by the end of the year, it was clear that the mercantile community, as a whole, were trading at a loss. Importations were severely curtailed in 1876, but in consequence of the enormous number of failures the operations of that year were unprofitable too. Could a strict account be taken of the mercantile capital of Canada it is certain that it would exhibit a diminution during the past two years to the extent of many millions. The country is far poorer than it was three years ago. The money earning power is less. The tax paying power is less. Economy in private expenditure has been forced upon us. To increase taxes at such a time would be oppressive.

Yet it is during these very years, while individual tax payers have been growing

poorer, that the Government which represents them in the aggregate, has been adding enormously to its expenditure, and borrowing money to cover it. Let it be borne in mind that we are simply stating facts. The expenditure was initiated some years ago, and it may have been impossible to control or check it. It may have been. We do not express an opinion as to this. Our object is not to make a point against the Government, but to look at the past in its bearing on the future. And we have no hesitation in saying that our outlays on Public works for the last three years have been utterly unwarrantable, and that prudence demands a large curtailment.

Nothing could justify such expenditures as we have been indulging in except rapidly increasing population and wealth. Up to 1874 it may be fairly claimed that these conditions were fulfilled. Taking population and wealth (or at any rate apparent wealth) together, the expenditure and consequent increase of debt were not out of proportion to one another. Our power to bear an increase of burdens appeared to increase as fast as the burdens themselves. But for the last two years the burden and the power to bear it have entirely parted company. While the taxpayers have been getting poorer by millions every year the Government in their name has been spending millions on permanent works. It is precisely as if an individual had been making costly additions to his mansion during the very time that his capital was being diminished and his income seriously curtailed. Such things have been known both in private and national affairs, and the result is the same in the one case as in the other. The individual becomes embarrassed or insolvent. The Government finds itself confronted by deficiencies.

We feel ourselves compelled in the name of a business community which is already sufficiently embarrassed, to remonstrate against a continuance of any expenditure which would increase the permanent indebtedness of the country. We specially warn the Government with regard to the Pacific Railway. We have already gone so far as to see to what a prodigious extent expenditure would certainly grow if we once entered seriously upon its prosecution beyond the settled country of Manitoba.

Speaking soberly and financially, we are convinced that the project of crossing the Rocky Mountains and forcing a railway through the tremendous defiles of British Columbia is a project not for Canada but for the British Empire. The very complete surveys which have been made, and the results of which are now before Parliament, reveal clearly what will have to be faced in order to reach the ocean. The British Co-