

DUTY ON SUGAR.

British Budget Statement

London, April 18.—The chancellor of the exchequer, Sir Michael Hicks-Beach, rose in the House today at 4.18 p.m., amidst rounds of cheers, and commenced the budget statement. His opening sentence was not promising.

"During the last five years," said the chancellor, "we have been invariably able to congratulate the House on a general increase in the prosperity of the country, but the year 1900, especially the last six months, showed symptoms of a change. Our foreign trade during the year considerably increased, but in values rather than volume. This has been mainly derived from the high prices of certain articles, notably coal, which, naturally, must have injured important industries, especially railways. Nevertheless, the revenue for the past year had shown no signs of decrease and the exchequer receipts showed a surplus of £2,865,000 over the estimates."

He was bound to say, however, that the excess had been due to forestallment on dutiable articles. But for this his estimates would not have been realized. Much could be said for and against forestallment but it was an unmitigated nuisance to financial statisticians. The forestallment of 1899-1900 amounted to £3,250,000, which properly belonged to the revenue of last year. The forestallment of the past year somewhat exceeded the previous year. He would say that the consuming power of the people was maintained but there was no material evidence of the expansion of that power beyond what was fairly attributable to increase of population.

Sir Michael Hicks-Beach then proceeded to review the various items of revenue, mentioning that the revenue from beer was £4,000,000 less than the estimate. "That decrease," said the chancellor of the exchequer, "is probably attributable to the fact that very many beer-drinkers are in South Africa, and also to the decrease in the spending power of the people owing to the high price of coal. Experience has shown that we have practically reached the limit in the profitable taxation of spirits. The receipts from the death duties were £1,500,000 below those of the preceding year, but he had better expectations for next year."

The prolongation of the war and the absence of business on the stock exchange were responsible for the unsatisfactory yield from stamps. In noting that the yield from the income tax was £1,150,000 above the estimate, the chancellor of the exchequer remarked that in twelve years the incomes on which taxation had been paid had been increased by no less than £120,000,000, a fact that he hoped the House would remember when he reached a later part of his speech. The only points of the revenue which he need touch upon were the exceptional receipts owing to the mint, to silver coinage, and to the telegraph receipts, which compared very favorably with the expenditure.

The total receipts amounted to £130,385,000 and the expenditures to £128,522,000, of which £15,000,000 was for the war in South Africa and £3,000,000 for China.

The expenditure for 1901-1902, according to a parliamentary paper issued this afternoon, totals £187,602,000, inclusive of war charges, an increase of £32,901,000 over last year.

The deficit, £53,207,000, showed that they had paid £15,413,000 out of the revenue for the cost of the war. The total amount provided by the state last year aggregated the enormous sum of £198,316,000.

As to the national debt, said the chancellor of the exchequer, it stands in painful contrast with last year. The funded debt had decreased by £1,125,000. On April 1 the national debt had stood at £687,500,000, an increase of £55,000,000, on account of the war. Turning to the present year the chancellor of the exchequer said that the total estimated expenditure was £187,600,000. On the existing basis it was estimated that the revenue would be £132,255,000, leaving a deficit of about £55,000,000.

"How is this deficit to be met?" said Sir Michael.

"I will never be responsible for the fatal policy of paying the whole cost of the war out of loans, without put-

ting a reasonable amount on the taxpayers of the day. The real difficulty, however, is not so much the cost of the war in South Africa as the operations in China, as they will increase our ordinary expenditure even if the war comes to an end within three or four months (this statement caused cheering from the Irish members), or sooner than the honorable members suppose."

Our ordinary expenditure would not permit of the remittance of the additional taxation proposed for war purposes last year. It therefore becomes necessary to put our expenditure on a broader basis. The country has reached a point when it is necessary to widen the scope of taxation, but direct taxpayers must bear their share of the burden. I propose that two pence shall be added to the income tax, making one shilling and two pence in the pound. The extra two pence will realize £3,800,000. There will be no addition to the beer, wine, tea, spirits or tobacco duties. I am disposed to impose a customs duty on manufactured imported goods, as suggested by Sir Howard Vincent.

"The average consumption of sugar is fifty-six pounds per head. Sugar is taxed in every other community in Europe and is taxed in the United States. In this country taxes remained on sugar long after the institution of free trade. What I propose is not a protective duty, but an adequate public necessity has arisen for some duty of which the laboring classes should bear a fair share. The effect of my proposals on the price of sugar is doubtful, as the price of sugar is governed by the bounty system.

The great bulk of the imports of sugar comes from bounty giving countries. The bounty system is that a country giving a bounty encourages production within its borders and at the same time does its best to restrict consumption by its own people by every possible means. The result is that there is an enormous surplus which has to find a foreign market and this country, under the present circumstances, is the only market. Therefore it is quite conceivable, unless of course, the bounty giving countries either reduce the area of their sugar production or lower their own duties on sugar for the benefit of their own population both of which actions would mean the abolition of the bounty system, that the result of the new tax although at first the price might rise and consumption, consequently, be reduced, would be that there would be such an inflow into this country of bounty fed sugar unable to go elsewhere that the price might be brought down. Again, I do not believe the duty will injure manufacturers using sugar, to anything like the extent feared. Of course, provision will be made for imposing a duty on manufactured articles from foreign countries coming into competition with the home article. I have endeavored to reconcile conflicting interests. Nothing must be done to protect the British refiner to the disadvantage of the British consumer. But on the other hand, fair play must be given to the British refiner as compared with his continental rival. The refiner of beet sugar must not be favored as against the refiner of cane sugar, or vice versa."

"I propose a duty on refined sugar of four shillings and two pence a hundredweight. A half penny per pound would be four shillings and eight pence, so a margin of six pence is left to cover the customs handling and other expenses. There is therefore no reason why a tax of four shillings and two pence should increase the retail price more than a half penny per pound."

The granulated scale of taxation will be as follows: Refined sugar, which is polarized at 98 and upwards and which represents two-thirds of the total imports, would pay the full tax. This will diminish to a minimum of two shillings per hundred weight on raw sugar polarized at 70. This scale is only tentative and I am perfectly willing to listen to criticism and the benefit of experience and better knowledge.

Molasses in which are included the grocery syrups consumed largely by the poor, pay two shillings per hundredweight; and glucose, of which a great deal has been heard lately and is in the manufacture of jams and aerated waters, will have to bear a tax of one shilling and eight pence. I anticipate a yield of £5,100,000 from this tax. The West Indies will not be exempt.

"My next proposal is a novel one, unknown in this country for forty-

five years. It is an export duty of a shilling a ton on coal. In aiming to secure a revenue from coal, I am not sacrificing trade. The imposition of a shilling, which is infinitely less than the fluctuations in price, will do no real injury to the coal trade, even supposing that the export of coal is checked. I am not sure that even that result will be an evil. From this source, I expect £2,100,000, an aggregate of £11,000,000 from new taxation.

"My final balance sheet will be from taxation, a revenue of £122,200,000; from non taxation £21,055,000, a total of £143,255,000. I propose to reduce the expenditure by again suspending the sinking fund to £182,000,000. This shows a deficit of £38,707,000, to which must be added £1,250,000 for the fresh debt I have to borrow. I must ask the House to give me borrowing power considerably in excess of this deficit of £41,000,000. In order to finance the exchequer I ask power to borrow £60,000,000 by means of consols.

"As to obtaining contributions from the Transvaal, Sir David Barbour's reports are not encouraging at present. I think the House will see the war has brought that country to the verge of ruin. (Opposition cheers greeted this remark.) This can no longer be considered. The small war has cost the country £151,000,000, double the cost of the Crimean war. There was £67,000,000 of the unfunded debt redeemable within the next ten years."

"I have tried to put before the house a true account of our finances, for the present and immediate future. In our time no chancellor of the exchequer has had so difficult a task, nor had a more indulgent audience. I have not laid proposals before the house with the view of gaining transient popularity, but I have endeavored to establish a principal of contribution by the whole community to the burdens of the state."

Manager Whyte Interviewed.

Montreal, April 20.—William Whyte, manager of the western lines of the Canadian Pacific railway, with headquarters at Winnipeg, who has been in the city for a few days attending the conference of the officials of the road, speaking of the company's intentions said that during the summer some branch lines would be built, one of the most important being a road from the city of Winnipeg to a spot on the shores of Lake Winnipeg. The present railway to Selkirk will be extended a little over twenty miles, the objective point being already named Winnipeg Beach.

As to the double tracking of the main line between Fort William and Winnipeg Mr. Whyte stated that with the grades, which were becoming easier every year, with curves constantly being straightened, with new and more powerful locomotives, and the greater part of the road being relaid with 80-pound rails, this favorable state of things met the requirements of the traffic almost as well as if the line was really doubled from Lake Superior to Winnipeg.

Mr. Whyte referring to the crop prospects said that already fully 50 per cent. of the seeding had been accomplished. If the fine weather had continued, in the greater part of Manitoba and the Territories, the seed wheat would have been in the ground by this time. He also stated that the acreage would be at least 10 per cent. greater this year than ever before. Western Canada, he added, is becoming more and more popular as a field for immigrants, and so great is the rush for the Edmonton district that Mr. Whyte says they have to send in two trains daily to carry the settlers and their effects.

Speaking of the proposed silver lead refinery advocated by the recent delegation to Ottawa of mining business men from the Pacific province, Mr. Whyte expressed the hope that the ministers would see their way clear to grant the prayer of the gentlemen from the west.

Crow's Nest Coal.

Mr. Robert Jaffray, of Toronto, president of the Toronto Globe Co., and vice-president of the Crow's Nest Pass Coal Co., arrived in the city on Sunday on his way home after a visit to the west, where he has been looking over the Crow's Nest Pass coal properties in which he is interested. Mr. Jaffray was seen on Sunday at the Clarendon and in the course of an interview stated that

he was very well pleased with what he had seen at the Crow's Nest. Everything there is progressing nicely with the coal mining operations and he was gratified with the prospect for an increased output of coal. The Crow's Nest Pass Coal Co.'s undertakings are already quite extensive as the men employed by the company itself and the contractors working for the company now number about one thousand and the monthly pay roll approximates about \$40,000. The company is now carrying on operations at three different points in the coal fields—Coal Creek, or Fernie, Morrissey Creek, and Michel. Coal is being shipped from Fernie and Michel at the rate of 70 or 80 carloads a day and this amount will probably be increased shortly. As yet, development work only is being done at Morrissey Creek, but it is expected that shipments will soon begin from this point also. The output will be increased gradually and Mr. Jaffray anticipates that within four or five years it will reach a daily total of nine or ten thousand tons. At present the output is about seventeen hundred tons per day. The company is also making a feature of the manufacture of coke and at Fernie there are now 312 coke ovens finished and in use; it is expected to increase this number to about 500 during the year. Preparations are being made for the construction of 100 ovens at Michel this year and one or two hundred at Morrissey. The season in which these ovens can be erected is short, lasting only from May until November, and there are difficulties with regard to freight and labor to be overcome, but Mr. Jaffray expects to have 1,000 coke ovens ready and in use by the time the new railway gets in.

Regarding the new railway, he said that he expected to hear of the granting of the charter to build very soon. It will run from the Crow's Nest Pass to the boundary, and the Great Northern will build a branch up to meet it. He is of the opinion that the railway competition will tend to still further lessen the cost of coal to the consumer, although even now it is very low. The "run of the mine" being delivered f. o. b. at the mine for \$2 a ton. After that, as Mr. Jaffray says, the price of the coal is a matter between the consumer and the railways. The demand for coal for the British Columbia smelting industry is slackening off of late, although Mr. Jaffray is of the opinion that the industry will greatly extend if the ore shipments are good. The silver and lead ores are good but owing to the fact that the American Smelting Trust has stopped taking them, very little has been done with them of late. Other ores are not so good, and several mines have stopped shipping recently.

Mr. Jaffray says it will require skillful and careful management to make the low grade ores profitable, but believes that the men who are now dealing with them are equal to the task and will make them pay. The Granby Smelter people, Mr. Jaffray states, are anxious to obtain the Republic mine's ores to smelt, so much so, indeed, that if they can get a guarantee of 300 tons of ore daily they will build a railway between Grand Forks and the Republic mines. The Republic camp looks to the British Columbia smelters for the smelting of their ores and are equally anxious to see the railway built.

Mr. Jaffray has been in the west since February last and leaves for home this afternoon.

Hogs for Yukon.

From the Skagway Alaskan.

When K. J. Elkjor returns from his trip to Dawson he promises to tell the public through the Daily Alaskan all about how gracefully hogs walk on ice. He is about to embark on an expedition which will give him ample opportunity to make observations along these lines. Mr. Elkjor is now stopping with four of his hired men at the Occidental hotel, and expects to begin his trip, in which novelty is more of a certain factor than money to-day.

The taking of cattle into Dawson over the ice is a very easy matter for Mr. Elkjor, for he has gone in several times, but to-day he tackles the proposition of transporting hogs there. Talking with him at the hotel yesterday, a reporter saw that he knew it was a different thing. He is thoroughly acquainted with the perversity of the hog, and has studied the