

able annually, instead of being made for a term of years. And stumpage is to be charged by the thousand feet, board measure; pine paying \$1.30 and spruce 65 cents. These figures will produce a considerable increase of revenue, and will more than offset the reduction of the ground rent from \$5 to \$3 a square mile. When the increase of ground rent from \$2 to \$5 was made, the lumberers raised strong objections; and as they will have, on the whole, more to pay now, it is not likely that the present charges will meet their concurrence.

#### THE PROVINCIAL CONFERENCE.

As might have been expected, the Federal Government declines to send a representative to M. Mercier's Provincial Conference, on the ground that to act otherwise would answer no good purpose. No agreement that may be come to will be of binding effect. Under the old United States Confederation there was a constitutional provision that "no two or more states shall enter into any treaty, confederation or alliance, whatever, without the consent of the Congress of the United States in Congress assembled." In the U. S. federal constitution, subsequently framed, there was a variation of these terms, reading: "No state shall enter into any treaty, alliance or confederation," such as the Southern States formed during the civil war. If a similar provision is not found in the Canadian constitution, it is not the less true, we imagine, that legal effect cannot be given to any resolves of the Provincial Conference.

M. Mercier is anxious to get for his province a larger subsidy than the original compact, with its supplements, allows; and some of the smaller provinces make the same demand. Manitoba is chafing under a somewhat free exercise of the veto power, and other complaints will be in order. In all such cases, those who propose to depart from the original constitutional agreement are bound to make out a strong case. Inadequate revenue is not sufficient, though it has several times been made to do duty, as a plea for better terms. It only shows that the time has come for the provinces to draw upon their own constitutional sources of revenue. Reluctance to have recourse to direct taxes is no excuse for a provincial government refusing to do its duty; we are all of us, at one time or another, obliged to do what we would prefer to leave undone. Direct taxes are unpopular; but no attempt has been made to gain for them acceptability or toleration. If the provinces, when in want of funds, had stated the case frankly; if they had pointed out the necessity of securing more revenue, and shown the constitutional restriction as to the mode of raising it, what reason is there to suppose that the appeal would have been made in vain? Or, if the example, in economical respects, of Ontario had been followed, there might have been no need for more revenue. But it may be that the circumstances of other provinces were different, and that they could not economise as Ontario has done. As an alternative, they ought certainly to have had recourse to constitutional means to increase their revenue.

Instead of this, the constant resource of the provinces, Ontario excepted, when they fell short of funds, was to demand money from the federal treasury. And the Federal Government and Parliament, by yielding to these demands, have set a very inconvenient precedent. They have disregarded the limits of the original subsidies, and swept away the land-marks of the constitution. If it was the duty of the provinces to confine themselves to constitutional sources, when an increase of revenue was required, it was not less the duty of the federal authorities to refuse to yield to these, we had almost said unconstitutional, demands. On both sides, there was a want of courage: the provinces shrank from proposing direct taxes; the federal authorities had not the moral strength to resist demands which ought never to have been listened to. And both having put themselves in the wrong, they will not find it easy to get back to the right path. Ontario can scarcely fall in with the demand for increased subsidies; for under the name of getting, she would in reality be giving, if increased subsidies were granted. But she will find herself in a minority, in the conference, and in spite of her, increased subsidies may be demanded. Should this happen, one good result of the Conference may be expected. The demand will, from the necessity of the Dominion finances, have to be refused, and we shall at least get on something like firm ground.

The necessity for granting subsidies at all was a most unfortunate one. In their original form, these grants were not altogether unreasonable; in their extended form they have become an incubus and a source of danger; their extension would deal a severe blow at confederation. The original bargain, on the subject of finances, is part of the Confederation compact, and good faith requires it to be carried out. The additions to the subsidies, which have been made since, obviously rest on a less sacred basis: they are sanctioned by no constitutional compact. But still it is useless to disguise that they cannot be got rid of. It is nevertheless a sacred duty to see that no addition is made to them, under any pretext. As a means of preventing attempts like that which M. Mercier has initiated, it would be well if the subsidies were to change their form. This could be done by capitalization, a device which has sometimes been resorted to when better terms have been accorded. An imperative duty is to stamp the subsidies with the seal of finality, in whatever way it may be done; good faith requires that they be paid. It is conceivable that if the Federal Government were to get into distress, from the necessity of making heavy expenditures for national purposes, the provinces might forego their claims, in the same way as the States of the American Union gave up the customs and excise duties, which they had retained under the old Confederation. But this contingency is so remote, and even improbable, that it may be left out of the account.

The frequent exercise of the veto power will probably come in for censure from the conference, if its surrender be not demanded. Surrender is probably out of the question, and modification of practice is not likely

to be accepted, as a result of the resolutions of the conference. When the United States federal constitution was adopted, the question of vesting a veto power in the federal authority was, after discussion, decided in the negative. Nullification of federal laws, as attempted unconstitutionally by South Carolina, was very different from a legal form of veto. It must be admitted that the veto, as vested in and exercised by the Federal Government of Canada, is on its trial. It is not to be assumed that the confederate constitution is perfect, and that no amendments to it will ever be required. The old Confederation of the United States was too weak to stand the strain; but the chief alterations which time showed to be necessary took the form of an increase of the federal power. Here, the attempts at change are all in the other direction. Not only did the adoption of the U. S. federal constitution add enormously to the federal power: the civil war brought a similar result, if less extensive, and the decisions of the courts have been in the same direction. The tendency, in the Republic, is clear: are we likely to march in the opposite direction? We think not. We are all apt to forget, at times, how completely democratic are the forces at work, in this country, and many of us occasionally get alarmed at their manifestation. But the truth is, Democracy must be made to furnish its own antidote. If the constitution is to be changed, it would be safest to have the work done by a constitutional convention. In that case, the Democracy would defend its own work, and assaults on the constitution afterwards made would fall harmless.

#### CANADIAN TRADE.

The statistics of imports and exports of Canada for the fiscal year ended with June last, have been made public. Exports amounted to \$89,986,089, an increase of nearly five millions over the previous twelve months, while the imports for the same periods are \$450,000 greater. Taking the returns of exports and imports published in the official *Gazette* and adding the figures of British Columbia's trade, the total exports for last year are found to amount to \$89,986,080, the imports to \$104,879,268, and the duty collected thereon \$22,414,056. This last figure is some three million dollars in excess of that collected in the year 1885-6, and is with one exception the largest customs' revenue ever collected.

Our total inwards and outwards trade during the first year of Confederation was \$131,000,000; by 1871 it had reached \$170,000,000, and in 1873, the largest known, \$217,000,000; declining to \$182,400,000 in 1878. Taking the eight years beginning with 1880 we have the following returns of imports and exports:—

Fiscal year ending 30th June.	Total Exports.	Total Imports.
1880 .....	\$ 87,911,458	\$ 86,489,747
1881 .....	98,290,823	105,330,840
1882 .....	102,137,203	119,419,500
1883 .....	98,085,804	132,254,022
1884 .....	91,406,496	116,397,043
1885 .....	89,238,361	108,946,486
1886 .....	85,251,314	104,424,561
1887 .....	89,986,080	104,879,268

Thus while the years 1885 and 1886 exhibited a decline from the figures of 1884