

a committee appointed was to formulate a demand of this kind. But before this can succeed, it must be shown that the city does not owe itself the duty of providing protection from damage and disaster by floods.

THE FEDERAL BUDGET.

In a young country when youth is lusty, everything grows apace. There are some growths and phases in the social economy which are welcomed as beneficial, others which are treated as harmful; to the former, belong agriculture, manufactures, the arts, the sciences; the latter may be summed up in taxes, disease, death. An increase of revenue is almost sure to be differently viewed according to the standpoint which the critics select; it may be an indication of prosperity or a sign of depletion and the forerunner of decay. Considered with reference to its sufficiency, there is nothing in the state of current or immediately prospective revenue to cause serious uneasiness. Sir Leonard Tilley, in his final budget speech, estimated the revenue at \$84,500,000; his successor, Sir Charles Tupper, now that most of the year has run out, sees reason to expect that the amount will reach \$85,000,000. There may still be a deficit, but if so it is not likely to exceed the nominal amount of \$300,000. Even this statement brings some relief to anxious minds; for the statement has often been ventured that the deficit would be substantial, if not deplorably large.

For the coming year, Sir Charles Tupper estimates that, by the aid of new additional taxes, he will be able to raise a revenue of \$86,600,000. Of this amount, customs are expected to yield \$22,500,000, excise \$6,400,000, divided as follows: spirits, \$3,500,000; malt liquors, \$400,000; tobacco, \$1,600,000; cigars, \$710,000; the rest being made up from miscellaneous sources. This revenue is expected to give a "fair surplus" over expenditure; but this will depend upon the amount to be expended on public works which does not seem to be finally determined. It will be for the Minister of Finance to see that the supplementary estimates do not eat up his estimated surplus. There will be some capital expenditure, but no new loans will be required to cover it. \$870,000 of six per cent. New Brunswick debentures, issued prior to Confederation, will have to be met. \$180,000 will go to the British Columbia section of the Canada Pacific; \$260,000 to the Intercolonial, apparently exclusive of \$318,000 for new rolling stock; for the Cape Breton railway, \$500,000; for canals, \$330,000. This is exclusive of the \$1,000,000 which is to be voted towards the new Sault Ste. Marie canal, a sum which the Finance Minister hopes will be sufficient to complete the work. In two of the above items, Nova Scotia ought to find considerable satisfaction. The interest of the public debt grows, as the \$380,000 called for, under that head, attests; and the sinking fund calls for \$60,000 additional; in legislation there is an increase of \$102,375, caused almost entirely by the operation of the Franchise Act. The item of emigration undergoes a decrease of \$50,000, owing to the determination of the

government to limit its efforts to securing agricultural immigrants, of which the country could receive with advantage a very large number. In connection with the experimental farm, there is a new item of \$80,000. The lighthouse and coast service calls for an expenditure of \$570,000, and \$100,000 is required to stock the proposed government printing office from the establishment of which some future saving is expected.

The amount and growth of the public debt were touched on. On the first of this month, the gross debt reached \$270,072,000, the net debt being \$225,105,961. From this amount, Sir Chas. Tupper was warranted in saying \$10,000,000 may be deducted on account of the asset, not otherwise counted, of lands received back from the Canadian Pacific railway company, at \$1.50 an acre. The debt has grown to be what it is, under Confederation, from the starting point of \$75,728,641.37. During the same time \$30,743,392.60 of "increased grants have been made to the Provinces." This amount does not represent new debt, but the transfer of old provincial debts to the federal government. In addition to building custom houses, post offices and other public buildings, and providing an efficient lighthouse system, Canada has paid on capital account, since Confederation, no less than \$33,915,265.05, over and above the increase in the public debt. It is doubtful whether any other country, with equal population and resource, ever achieved a greater result.

The government refuses to reduce the amount of interest which it pays to savings-bank depositors, in spite of vehement and not unfounded remonstrances from various provinces, though the Minister of Finance admits that it could borrow for something less. However, he is willing to concede that persons of considerable means should not be allowed to make use of this depository. In the same speech he stated that some government $3\frac{1}{2}$ per cents had recently changed hands at par. That figure would therefore seem to be one which it is not justifiable to exceed; $3\frac{1}{2}$ would in all probability bring just as many deposits as 4 per cent. brings, and this would be a half of one per cent. more than one of our great banks pays. The restriction proposed, as to the amount of deposits receivable from any one person, will not be found, indeed is not found, to be universally operative, since it is possible to make deposits in the names of persons other than the real owners of the money deposited. The deposits in the chartered banks have certainly undergone an enormous increase, in spite of the temptations which the government savings' banks offer, having risen from \$32,808,104, in 1868, to \$108,583,950. But while this is true, the deposits in the savings-banks of the country, have increased at a much greater rate: starting with \$4,360,692, in 1868, they had risen to \$45,072,886, in 1886. For various reasons large amounts of deposits will always go into savings' banks. People who have no bank accounts are very liable to make their deposits in savings' banks. Higher interest is, as a rule, paid there than by the chartered banks; and these two reasons determine the place of deposit of large numbers of people. The govern-

ment cannot limit the rate paid for deposits outside of its own institutions; there it could, and we see no justification for its paying more than three per cent.

The Minister of Finance, travelling a little out of the record, shows great expansion in imports and exports, in the number of vessels employed in the coasting trade, the mileage of railways and the tonnage carried, in the amount of assurances under life and fire policies. If there has been a corresponding increase in the revenue and the debt, the fact is explicable by the enormous amount of public works, including the Intercolonial and the Pacific Railways, called into existence. The record of failures has shown a great decrease since 1879.

Strange it is that any Minister of Finance should, at this time of day, cling to the old theory of the balance of trade, which Adam Smith, in the opinion of all economists, demolished more than a century ago. Sir Charles Tupper makes, as many others before have made, an unwarranted use even of that theory. This theory proceeds on the assumption that of two nations trading together, the one that buys more than it sells does a losing business, while the nation that sells more than it buys does a profitable business. There is nothing to warrant the assumption that a trade of that kind is more profitable to one party than to the other. In a little more than fifty years, from 1833 to 1886, we are told, Canada bought from the United States \$350,000,000 more than she sold. But did she therefore lose on the adverse balance? Formerly, under the old British corn laws, American wheat, which paid a heavy duty in England, was permitted to come into Canada free, to enable the Canadian millers to make a profit out of grinding into flour. These importations helped to swell the adverse balance, but they were exceptionally profitable to Canada; for the flour manufactured from American wheat went into the British market free of duty, as Canadian flour, while the foreign article paid the duty. If any other importations which go to swell this adverse balance, consist of produce merely passing *in transitu*, our forwarders undoubtedly make profit on it; and the trade is a benefit to the country. The more adverse balances of this kind are increased, the better for the country. However, these figures do show, as Sir Charles Tupper contends, that the United States have as large, if not a larger, interest in maintaining this trade than we have. If non-intercourse come, under the name of retaliation, it would, for the time, destroy this trade. The loss inflicted on the United States would certainly not be less than that which Canada would suffer. Sir Charles Tupper shows that, disastrous as non-intercourse would be, one effect of it would be to build up the trade of Canadian routes and Canadian ports; this is one side of the question only, and that not the most important. He does not, however, believe that retaliation will come; but if unfortunately it should come, he believes, from his "own knowledge of the growing sentiment of public men in England of the vital importance of Canada to the empire, and their duty to give us all the support to which we are