

England is diminutive, nor has she, nor would her industrial and democratic masses endure, the system of conscription which in time of war raises the German muster roll to millions. While her legions are by far the fewest, her position, with all her scattered colonies and dependencies, is even more decidedly the weakest. The strip of sea has hitherto stood her instead of a large army; to a certain extent it does so still; but the conditions of warfare are altered and an invasion of England, though its impracticability has often been demonstrated by the strategists of the pen, is understood not to be deemed so impracticable by the strategists of the sword. A commerce of which the sails are on every sea is on every sea liable to attack; and a mere apprehension of war is enough to cause serious loss. Of the British population a part is still warlike: the volunteer movement is the proof; but the artisans, especially the factory hands, are as devoid as possible of the martial spirit; their main objects are those of the Trade Union, and their general ideas and sentiments are cosmopolitan rather than national. Every war, as they well know, would close one market at least against their labour. It is very doubtful whether they would bear the stress of a long struggle. Wealth, which is the sinews of war, England has in fabulous abundance. But how is it invested? Five hundred millions sterling at least are believed to be invested in foreign stocks; how much is invested in foreign enterprises is unknown. Russia paid her English creditors throughout the war; but other governments might not prove so honourable as that of the Czar; and destroying the assets of your debtor, at all events, is not profitable work. The investments in India and the colonies are also immense, and they would all be placed more or less in jeopardy by war. Should the trade of England decline, and her earnings diminish, her anxiety respecting her investments will increase, and she will more than ever shrink from courses which may lead to war.

Traditional belief in the irresistible power of England naturally survives the fact. But those who would have her shape her policy not by the fact but by the tradition only lure her to disaster and disgrace. They talk to her in mystical phrase of her divine mission. Providence, it has been said, is on the side of the biggest battalions; and the divinity of a mission in a world where competing missions are numerous and all are equally rapacious must be tested by the number and the calibre of its cannon. Positively the strength of England has not declined, but grown greater; relatively it has declined, and may decline still more; at least the dangers and liabilities which deter her from a warlike policy may increase, and that domineering arrogance, the indulgence of which to some seems identical with greatness, may be more and more banished from her councils. She has not been dethroned; but she has gradually descended from an exceptional and accidental elevation. As the parent of nations, and as the source of their political and intellectual life, she occupies a throne from which she can never be deposed, wears a crown which fate can never take from her brow, and is mistress of a dominion on which the star of Empire, however far west it may tend, will never cease to shed its ray.

PROVINCIAL DEMANDS ON THE FEDERAL TREASURY.

WHETHER the financial arrangement between the Provinces and the Dominion was the best that could have been made may be open to doubt; but it is now evident that a grave mistake was made in opening the way to continuous disturbance of the settlement. The concessions which have since been made to the Provinces under the name of "Better Terms" instead of being a cure have proved a running fester. Each time the balance is disturbed half-a-dozen readjustments are made necessary. One successful demand for an increase of subsidy gives rise to half-a-dozen more, and as long as the Provinces can supply themselves with revenue with no more trouble than is involved in the asking they will not incur the odium of resorting to direct taxes. They blind themselves to the fact that when they want more revenue some one must take the responsibility of raising it in some form or other, that it can only be raised by increasing old or inventing new taxes. Everything else the Provinces are jealous in guarding the right to do for themselves; and complaints are constantly made, sometimes with and sometimes without reason, that their local prerogatives are being encroached upon by the Dominion. But the right of levying the taxes necessary for local purposes in the most equitable and least inconvenient way they are willing to surrender. In asking for increased subsidies they in effect call upon the Dominion to give increased activity to those powers of taxation which they themselves voluntarily leave in abeyance. If the Dominion assumes the obligation of raising additional taxes for local purposes it must have the right of deciding upon the form of the taxes and the mode of collecting them. This power may be exercised to the detriment of individual Provinces, and in opposition to

the principles on which they think taxation ought to be based. This voluntary transfer of the local taxing-power to the central authority deprives the Provinces of a weapon of self-protection and places a weapon of offence in the hands of the Dominion. The danger is increased by the existence of a tendency on the part of the central authority to set up an exaggerated form of Protection; but the Provinces in parting with their power of raising their own revenue in their own way at the same time give up the right of criticism and objection. A province whose interests and preferences are in favour of a revenue tariff, having by a surrender of its taxing power licensed Protectionism, has no right to complain when the screw is put on; in parting with its shield of self-protection it voluntarily placed its interests at the mercy of the authority at whose hands it had shown its readiness to accept the dole.

What are the motives which prompt to this effeminate and unsolicited surrender? Moral cowardice and a love of ease are the chief ingredients. Direct taxes are unpopular; but in this respect they are not singular, for taxes in all forms are in themselves objectionable. The unpopularity of the tax is only a question of degree, and direct taxes are often the most economical in collection and take less from the taxpayer in proportion to what they put into the public treasury than indirect taxes. The difference is often very great; an indirect tax sometimes takes from the taxpayer twice as much as it puts into the public treasury, especially when it is not levied solely as a means of raising revenue, while a direct tax adds nothing to the net amount beyond the cost of collection. The effect of the Provinces inducing the Federal Legislature to find ways and means to defray the expense of local administration is greatly to add to their burthens. It is safe to say that, with a tariff already highly protective, any addition to the indirect taxes levied by the Dominion will cost at least fifty per cent. more to collect than the direct taxes which the Provinces might levy for themselves. This consideration ought to induce the Provinces to perform for themselves a duty which they are so anxious to throw on the Federal authorities. In refusing to undertake this duty the Local Legislatures inexcusably sacrifice the interests of their constituents. And for what? That they may escape the criticism which their fiscal measures would undergo, that they may enjoy immunity from the necessity of raising their own revenue, and that they may be free to condemn the Federal Legislature for an increase of the taxes which compliance with their demand upon it made necessary.

When the Provinces entered into the present Union they were aware that the luxury of a Federal Government could not be enjoyed without some sacrifice. For that cost they provided by surrendering the customs and excise duties. But in doing so, they stipulated for annual subsidies to be paid out of the Dominion treasury. These subsidies, it was understood, would not necessarily be sufficient for all their local wants; and they were left at liberty to supplement them by direct taxes, to no particular form of which were they restricted. Such of the Provinces as had been placed in possession of the Crown Lands within their limits retained them for their own exclusive use. Out of these sources of revenue Ontario was at first able to make large annual savings, which, by capitalization, were converted into an earning power. Other Provinces, less frugal or less fortunate, ran heavily into debt, and as a means of escape from the consequences of their own improvidence called on the Dominion for help. The defenders of the Dominion treasury, weakly yielding to the importunity, created the impression that to ask was to receive, and ever since Province after Province has been asking with all the lung power it could command. There was nothing in these demands which should have entitled them to succeed. To the complaint of the Provinces that they were short of revenue, the proper reply would have been that there was a choice of two remedies, economy in the expenditure or an exercise of their constitutional power of adding to their ways and means; that it was the duty of the Provinces, not of the Dominion, to find the means of making up the deficiency. Interest, as we have seen, and duty coincided.

All arguments in favour of an increase of the subsidies, whatever their form, are pleas intended to justify a breach of the constitutional compact in virtue of which Confederation exists. The only thing that could have been urged in favour of invalidating the treaty between the Provinces was the fact that Nova Scotia was not at first a consenting party. But she afterwards accepted the terms of the Union and obtained some modification in her own favour. The chief of the Anti-Confederationists advised his followers to give up a contest which repeated defeats had shown to be hopeless, and he himself accepted office in the Dominion Government. There are absolutely no grounds for departing from the fiscal conditions of the treaty the reasons for maintaining the stability of which are as strong as any that can be brought in defence of its other provisions. Under every form of Government—when the Provinces of Upper and