

CANADA'S DEBTS.

It is a matter for serious consideration that Canada is indebted so very largely to other countries (the greater portion of the debt being held in Great Britain). At present our aggregate debt to Britain amounts to \$500,000,000, on which the interest, averaged at five per cent., is \$25,000,000 annually,—this is money loaned on mortgage by British capitalists, and is a dead-weight upon the progress of the country, as this capital is loaned chiefly upon farm properties, which cannot in the majority of cases yield an interest of three per cent. Again, the Government Returns for 1879 (page 13) show that our Federal debt was increased, during twelve years, \$81,911,217 since this \$5,000,000 has been borrowed by Sir L. Tilley to pay off deficiencies: so that we have a total increase of \$86,911,217 in twelve years. On page 19 of the Government Returns for 1878 and estimates of 1879 added, we find that we have paid for interest, exchange, &c., of our Federal debt for the first eleven years of Confederation, \$70,598,596. The half of this \$70,598,596 is, in round numbers, \$35,000,000, of which sum we have lost the interest during twelve years, amounting to \$21,000,000. Adding these two amounts together, we find that the total of interest paid and interest lost to be \$91,798,597. So we have an increase of debt in twelve years of \$87,000,000, which, added to the above-mentioned interest (91,000,000), gives a total of over \$178,000,000 of debt accrued and interest paid in the first twelve years of Confederation. Rather a startling picture, and one upon which Canadians cannot afford much longer to gaze quietly.

But we ought to deduct from this sum of \$178,000,000 the interest paid during twelve years upon about \$40,000,000 of public works for which we were indebted at the commencement of Confederation, leaving fully \$150,000,000 of debt accrued and interest paid since Confederation.

According to the returns for 1878 and estimates of 1879 added—the total value of the Public Works of Canada is \$98,414,450. In 1867 they were worth about \$140,000,000 showing an increase of \$58,000,000, since Confederation and the increase of the Federal debt since that time, as shown above was \$86,911,217 or putting it in its proper light—the debt for new public works is \$27,000,000 in round numbers, more than the works are now valued at. How is that for financial management? Have we not reason to be anxious and whether are we drifting? As an able writer says “But bad as this is it is only one half the story; if we divide the increase of debt we have \$43,500,000 and then cast the interest on it at five per cent. for the twelve years there are over \$27,000,000 of interest to be added to the \$27,496,000 deficiency in value of said public works, showing a total of \$55,769,000 which the public works constructed since Confederation have cost us in excess of the \$58,000,000 at which the Government valued them,—nearly double the Government valuation, that is nearly double what they are worth.” How long can such a state of things continue and where is our boasted ability to be independent? To go back however still further—in 1842 the sum of \$9,000,000 was borrowed for public works—in 1878 the debt was \$174,957,268—deduct from this the amount paid for the North West and we have the sum of \$173,000,000 incurred for our public works, add to this \$91,798,597 of interest paid and we have \$264,798,597—add also interest paid from 1842 to date of Confederation \$15,000,000, making the frightful total of \$280,000,000 paid and to be paid for public works valued at \$98,414,450. Truly a glorious result and one which reflects great credit upon our rulers and financiers.

Our financial condition must be very gratifying to the annexationists as it is very evident that unless severely economical measures are immediately adopted we must inevitably and infallibly drift into annexation—indeed it appears to be a very doubtful matter whether such a finality can be avoided. If we consider the state of the finances of the Province of Quebec we are woefully impressed with our lamentable condition—we are borrowing and borrowing to pay previous loans—but there is a limit to this borrowing and then—the deluge. At present the Province is paying one per cent. more than the Harbour Commissioners of Montreal and the Provincial loan recently effected (?) is a very questionable success. The developments of Mr. E. A. Prentice as shown in the publication of his correspondence with Premier Chapleau are highly interesting and slightly comical—the correspondence of the Premier betrays weakness and a very slight knowledge of business. However, we must await further particulars of this humorous controversy. Then in the railway management, a great partiality is shown to political friends without considering whether the country can afford these vagaries or not. It must have been extremely humiliating to those that are in power at Quebec, to be refused money by the Bank of Montreal and it is a very strong proof of the rottenness of the financial condition of our Province. The cost of our governments federal, provincial, municipal, etc., was for the six years ending with 1876 \$36,000,000 more than all the earnings of the people after feeding and clothing themselves. And in that last year it was \$10,000,000, in excess of said earnings, and it has been going on ever since at the same annual rate which by July, 1880, will amount to \$70,000,000 more than all the earnings of all the people after clothing and feeding themselves.

It is much more important and necessary for the leaders of both political parties to devote their time and attention to extricating the Dominion from its financial difficulties than to be wasting their abilities to maintain or reach political ascendancy. Recently Mr. Wurtele has left for France to complete arrangements for the organization of a company which proposes to loan money upon hypothecs to the agriculturists and others; this may have a damaging effect upon the farming classes in Lower Canada, as it is an indisputable fact that the *habitant* does not require capital, but does require to be made to apply himself; so that if his facilities for obtaining money are increased, he will be tempted to borrow, and the farm will very soon pass into the hands of the lender; whether such a condition of affairs is desirable or not is doubtful, unless the lender is in a position to dispose of the farms to a better class of agriculturists. There is so much money loaned in Canada now that efforts should be made to reduce the amount rather than to augment it; it is impossible to understand how a debt can be paid off by a further borrowing, and if we are unable to pay the interest on our debts at present, by what process of reasoning do we arrive at the conclusion, or what right have to assume that our receipts will be doubled (as they must be in order to meet expenditures) within a specified time? We have had enough of delusive estimates, and what the country needs and calls for—is the severest economy. G. R.

AN UNTIMELY AGITATION.

Sometime after this, when what we call “bracing” weather supervenes, I may resume the thread of my discourse where I left off last fall, and endeavour to carry to a practical as well as a logical conclusion the theory of the harmony between Protection and national progress. For the present the untimely agitation in favour of Commercial Union with the neighbouring Republic presses more upon public notice.

What I object to at the start is the stirring up of the Commercial Union or Annexation agitation now, as if it were a legitimate consequence of our recent adoption of National Policy. The latter should be looked upon as the true preventive of annexation, in the same sense as the Reform Bill of 1832 was the political prophylactic that saved the British Isles from the domestic disorder of 1848 on the Continent of Europe. In Britain the popular mind became possessed with the idea that a great measure of Reform had been achieved, which was true, though many old abuses had still to be allowed to remain, simply because the nation's constitutional system could not have stood so violent a wrench as that of uprooting them all at once. But enough was done to save the British Constitution, as appeared afterwards, when the Chartist agitation collapsed because it had not sufficient interest for the people generally. Had there been no Reform Act before, the Chartist movement would unquestionably have drawn a large majority into the current along with it, and the consequence of sixteen years' delay would have been Revolution instead of Reform. The political necessity of Britain in 1832 has been paralleled, though on a smaller scale, by the commercial necessity of Canada, as experienced in 1878 and years immediately preceding. In the former case the popular demand pressed for privileges political; in the latter, for privileges commercial. Canadian producers saw their American competitors enjoying two markets, while they were limited to one only. Under a low tariff, the figures of which were by slack Custom House management reduced to half the nominal per centage, American producers found practically an open market in Canada. Canadian producers, on the other hand, found themselves mulcted on the border in twenty per cent. toll on raw products, while the duties against our manufactures amounted to prohibition. Quite naturally the conclusion was arrived at, that if we could not have the American market, we might at least have our own. That appeared to be the best we could do for ourselves, but the Commercial Union agitators imply, if they do not precisely assert, that with our own markets secured to our own producers the latter are worse off than before, a conclusion which does not seem to be very conclusive. They might be asked, why did they not begin their agitation three or four years ago, ere yet any legislative remedy for the depression had been tried? The answer would have to be, that the great event—for a great event it was—of our change to National Policy has had such a disturbing effect on the minds of some people that they must needs call out for greater changes and more of them. It is as if a doctor of the old school should insist upon copious blood-letting when an inflammation had already been conquered by blisters, and was rapidly subsiding. These facts appear plainly enough, that under practical free trade Canada was suffering badly, and that we elected to try what good a twenty-five or thirty per cent. tariff would do in the premises. “It won't do at all,” say the agitators; “give us immediately Commercial Union and the American tariff of sixty per cent. (sixty-five per cent. the *Toronto Globe* calls it) or we will raise a disturbance.” The demand for a Zollverein, Commercial Union, or whatever it may be called, is in effect a demand for a sixty per cent. tariff. Now I ask, “why do the heathen rage,” and so fiercely demand a sixty per cent. tariff, when we have got what protection twenty-five or thirty per cent. can give us on manufactures, whereas they were mum as mice when we had only seventeen and one-half per cent., and that nominal merely, not actual?