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DOMINION FINANCES—A BORROWED REVENUE.

It would be difficult to find, in the Public Accounts laid before the Dominion Parliament, any cause for general congratulation. Though the fiscal year ends in the middle of the natural year, it will be convenient, for comparison, to treat the last two fiscal years as those of 1868 and 1869. The ordinary revenue is nearly stationary: it must be declared retrograde if we eliminate one doubtful item—an item of $608,000, under the head of "premium and discount." Whatever portion of this amount accrued from the Intercolonial Railway loan ought to have been carried to that account, and not treated as ordinary revenue, for it is as much a portion of the proceeds of the loan as any other part of what was borrowed to build that work. With this item included, the revenue of 1869 figures up to $14,485,129, against $13,737,470 in the preceding year; without it, the ordinary revenue would be in a retrograde condition. But even admitting that a portion of it ought to be retained, there is no reason to conclude that the revenue of last year was greater than that of the preceding. The expenditure is a more certain thing, and here, unhappily, there is no room for doubt. The amount has risen, during this time, from $13,535,625 to $14,144,049—a positive, if not a very serious progression.

What is most remarkable in the year's expenditure, set down among the ordinary items, is a charge of nearly four hundred thousand dollars for the management of the public debt; an item which it is not possible to regard as otherwise than extremely exorbitant. It includes, let us suppose, the commission for floating that portion of the Intercolonial railway loan which has been put on the market. The British Government, half a century ago, paid the Bank of England only £800 per million sterling for receiving contributions on loans, and we doubt if it pays as much now. A small public debt cannot be managed so cheaply, in proportion, as a large one, as the experience of England proves; but in 1786, the auditors of the public accounts there estimated that £187 10s. per million was sufficient to pay the expense of managing a debt of two hundred and forty-four millions; but it was not found so easy to get the work done on those terms as it was to draw up the estimate. But there can be no question, we are paying too much in the shape of commissions for floating loans and for the management of the public debt. Our debt is chiefly owing in England; and we are obliged to call in the aid of bankers in the payment of the interest; it is moreover necessary to have responsible agents, for Upper Canada was once a sufferer in this way. But still, making every reasonable allowance, there can be no question that four hundred thousand dollars is a most extravagant sum for managing a debt, on which the entire interest is less than five millions.

When we come to examine the extraordinary revenue, it is impossible not to see serious cause for anxiety. In a single year we have created about twenty millions ($19,961,924) of new debt. This addition to the debt takes half a dozen different forms; we have borrowed the earnings of the poorer class who deposit in savings banks, to the amount of about three quarters of a million; the issue of Dominion notes has been increased over a million ($1,035,000); a trifle more has been got in the shape of insurance deposits; and heavy loans have been contracted on three different forms of securities: debentures, consolidated Canadian stock and Dominion stock. Against these there is to be set an item of $1,684,116 redemption of public debt. This leaves the addition to the public debt over eighteen millions of dollars.

The public debt of the Dominion is destined, we fear, to undergo a large increase, in the next decade or two. Only the first instalment of the Intercolonial railway loan has yet been obtained. Canal improvement will probably swallow up twenty millions more, and the great resources of the North West will require great outlay for their development. The Intercolonial Railway loan being guaranteed by the Imperial Government, is in an exceptionably favorable position; it bears a minimum rate of interest, but the capital is returnable, by means of a sinking fund, within a specified time, as it was necessary that the liability of the Imperial Government should have a definite limit, in point of time. A debt in this shape carries with it an inconvenience which does not attach to one that is payable only at the option of the borrower, as a large portion of our old debt is. Other parts of the new debt are assuming the worst of all possible forms; they are obtained from extraordinary sources and have the character of temporary, floating debts. We are, by this means, exhausting in a time of profound peace, and for the common purposes of every day living, which the ordinary revenue ought to meet, nearly every one of those extraordinary resources which most nations reserve for times of greatest exigency. This part of our policy is explicable enough, but it is not justifiable. A floating debt of several millions was very improperly allowed to accumulate. It first took the most temporary of all forms, a bank loan. Then came a form of government obligation, which was made a legal tender in payment of all debts. Then loans were obtained from insurance companies, and the petty savings of the poorer classes of the people were swept into the government exchequer; and now there is to be a large extension of the legal tenders. At present we intend only to look at these transactions in one aspect: as a means of enabling the Government to borrow. In one shape or another, we may, in a few years, come to have an unfunded debt of ten or fifteen millions; and if, then, some extraordinary strain upon the sources of the Dominion should come—some life-and-death struggle for national existence—our finances would, at the outset of the difficulty, be in as exhausted a condition as they ought to be at the end of it. One of the curses with which we should be smitten would be an irredeemable paper currency.

It is, as we have said, easy to understand why the shiftless policy has been pursued: we could not go into the money market asking a loan of a million sterling with which to