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THE BUDGET.

The general impression produced by a perusal of Sir Leonard Tilley's budget speech is one of hopefulness, though not of unalloyed satisfaction. The revenue-producing capacity of the tariff has been amply proved by the result—a result which is precisely the contrary of that which comes of a prohibitory or an extremely high-pitched tariff. There is some point in the gamut of possible duties, where the maximum revenue-producing power is to be found; a point from which deviation either in an upward or a downward direction would cause a diminution of revenue. Exactly where to find that point is not always easy. The same scale of duties would not give an equal result in all countries. A large number of experiments would be required to show what scale of duties would give the largest result in revenue. All import duties tend to check importation; but the increase of the duties may, under certain circumstances, be greater than the obstacles imposed upon importation. Exact scientific accuracy, in this particular, would not be easily attainable, and fortunately it is not often necessary. What is certain of the Tilley tariff is that, as a whole, it does not overstep the revenue limit, and that it has proved efficient to fill the public treasury.

The Minister of Finance is able to point to a surplus of over four millions (\$4,132,700.) A large surplus is not necessarily a thing to rejoice over, since all the money comes out the pockets of the tax-payers. As a rule, it is best that the finances should be as nearly as possible in a state of equilibrium, with a slight over-plus for contingencies or unforeseen emergencies. The worst possible condition of the finances is a repetition of deficiencies, which stamps them as chronic and shows a radical vice of administration. There may be circumstances under which, from motives of policy, a surplus may be created for a series of years in succession, such as those which might make it desirable to re-

duce the sum of the public debt, by this means. And this policy Sir Leonard Tilley has announced his intention to pursue. So as not to maintain the surplus at its present level, he proposes to remit a number of taxes including the duties on tea and coffee, and then to leave the tariff on a scale which will produce an annual surplus for three years of \$3,000,000, and a less surplus for some years after. With this surplus, it is proposed to commence a reduction of the public debt.

This announcement is one of very great importance, whether we agree with the policy it embodies or not. Hitherto, we have done little else than increase the public debt. True, we have a Sinking fund; but we have let out with one hand much faster than we have gathered in with the other. The contrast between our policy and that of the United States has often produced a disagreeable effect on the minds of the less sanguine amongst us. We might, in addition to a Sinking fund, have an established surplus, and still go on increasing the debt; but this the present Minister of Finance does not propose to do, after present engagements are fulfilled. We have necessarily been engaged, and are still engaged, in the construction of public works on a colossal scale; so extensive is the country, and so essential was it to establish the best available means of communication on land and water.

The mere contemplation of the enlargement of our canals and the building of the Intercolonial and the Pacific Railways, would have struck a less energetic and determined people of our numbers with something like paralysis, such as Buckle supposes man to feel in the presence of gigantic nature, in South America. Long, indeed, were doubts felt as to the wisdom of these enterprises, at least of undertaking them all almost at the same time. But at last, we see our way clear to the achievement of these vast undertakings. When the work was done, it was natural to fear that we might be almost overwhelmed with debt and exhaustion. The Minister of Finance comes forward with a most comforting assurance, on this head. We shall, he estimates, when it is all over, in 1890, get off with a burthen of \$34.27 of debt per head, against \$29 which we had at the natal day of Confederation, when we had our unenlarged canals, and no Intercolonial and no Pacific railway. At present the debt is equal to about \$35 a head of the population; so that, when our great public works are completed we shall, in respect of debt, be rather better off than now, while our facilities of communication will be enormously increased.

It is possible that something may occur, in the meantime, to change the aspect of our

finances; but it is well to forecast the future with plans which look to keeping down the public debt to the lowest attainable point. The increase of the debt has gone on, but not faster than was anticipated. In 1879, the amount was \$147,481,000; in 1881, it was \$155,305,780; when the expenditure, under existing engagements, is completed, the debt will amount to \$203,398,670. But, in nine years, the contribution to the Sinking Fund, \$1,500,000 a year, will give us the means of reducing the debt by \$18,500,060; and the Minister of Finance estimates a surplus of \$3,000,000 a year for the next three years, and \$1,000,000 a year for the seven years thereafter. In this way, the estimated reduction of the debt to \$175,897,680 is arrived at. When we have been carried so far—nine years into the unknown future—we feel very much in the condition in which the reactionists describe King Humbert as being—not standing on his own legs, but being carried away by the revolution. But we must not allow the hopeful eloquence of prediction to carry us off our feet. In sober truth, nine years, at the present period, in the life of this nation is too long a period for human foresight to penetrate. The wisest among us can form no idea of what will happen in that time. We do not suppose that Sir Leonard intends to make for his successor an estimate which is not likely to be realized; we give him credit for acting in good faith, but nine years is too long a time for which to make a reliable estimate of a possible surplus. Before then, the commercial cycle may have been completed and another era of depression come round. And even if it were possible to be certain of the revenue, it would be impossible to foresee contingencies which may add largely to the expenditure, such as trouble with the Indians, in the North-West, of which it cannot be said there is no danger.

There is one other object besides that of filling the treasury which the tariff must be admitted to have accomplished. It has tended to foster and develop manufactures. This fact is so patent, it lies so clearly on the surface, that no one can have failed to notice it. Sir Leonard Tilley has ascertained that, between the month of March, 1879, and October, 1881, 95 new manufactories, employing 7,025 hands, were set up. Besides which, there are now in course of construction cotton factories that will employ 3,000 hands. These figures do not embrace all the new factories, for the enquiries from which they are derived, extended to only a part of the Dominion. Ten thousand additional hands employed in manufactures is not, after all, a large number; but it is probable that a full enquiry would make a considerable addition