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THE SITUATION.

Though the decision of the United States Interstate Commission is adverse to the claim of the Canada Pacific for a continuance of the differential in its favor, the spirit in which it is made is eminently satisfactory. The Interstate Commission is a peculiar and anomalous authority, American in character and essence; its existence implies the right and the duty of the State to regulate and direct competition between the railways. A differential is a right to charge lower rates than competing companies, with a view of redressing some differences in capacity, natural or acquired, among them. Whether the C.P.R. was ever entitled to a differential on the part of its business in which it claimed to be at a relative disadvantage, was not in question; the Commission finds that in the present condition of things the C.P.R. is not entitled to a continuance of the differential. The company gracefully accepts the decision. It reminds the executive officers of competing and connecting lines that, in the decision of the Commissioners, no notice is taken of the fact that "several of the more important railway lines in the United States are active competitors of the Canadian Pacific for Canadian traffic"; and it throws out the hint that "if such an arrangement were practicable and in the public interest, the Canadian Pacific could well afford, and would be glad, to forego all claims of every description if its United States competitors made no inroads on the business tributary to its lines in Canada." This may mean that the C.P.R., for its own purposes, would like to see a Railway Commission set up in Canada. There has long been a suspicion that it has spoken through the mouths of individuals, ostensibly speaking on their own account, to that effect. Public opinion in Canada does not favor the effort, and the factitious article, however disguised, is easily detected.

When a country, like the United States and Canada is ostensibly living under a regime of competition, regulation of railways by the State, with a view of equitably distributing among them the existing traffic, is a direct interference with the development of a natural and healthy competition, among public carriers. There is besides healthy competition an unhealthy and destructive competition. But when the latter is made a plea for the abatement of the former, two things essentially different are

confounded. In the decision of the United States Interstate Commission on the C.P.R. differential, a bad road-bed is inferentially given as a proper cause for the bestowal of a favor. One of the reasons for the differential in favor of the C.P.R., when it was new, is specially named as its imperfect road-bed. A differential given on this ground is a favor to imperfection and tends to place inferiority of apparatus on a level with the best appliances. The accidents of a road's length and of its connections are made to play a similar part. The tendency of this is to cramp all the different capacities of the different roads into the same mould; a sure way of putting a check on the development and the perfecting of the apparatus. The plan has not fully succeeded; it has not prevented the C.P.R., which set up with an imperfect apparatus, improving till it is described as equal to the best. Like all plans of repression, the methods of the Interstate Commission are only in part successful; when open competition is forbidden by a system of unnatural compression, secret competition takes its place. In this way, it is admitted, the competitors of the C.P.R. took to themselves a larger differential than had been allowed to their rival. An attempt will probably be made to introduce this system into Canada on pretence that public interests would thereby be advanced. It must be obvious to all who will fairly consider the question that the public interest lies in the opposite direction.

Happily we do not look to the smaller provinces for precedents in matters of grave political crises. Never perhaps, since the days of Lord Dorchester and his advisers, has a complication similar to that between the Turner Government and Lieutenant-Governor McInnes, of British Columbia, been witnessed in Canada. The Governor declined to await till the whole of the election returns were in before insisting on a change of Ministry as a result of the elections. No Canadian Governor has ever taken this course even when the Administration was defeated by an overwhelming majority, as that of Mr. Draper was in 1848. It was not certain that there was a majority at all on the Opposition side, in British Columbia. As little is it possible to find British precedents to which we all ultimately look, for the Governor's justification; and it may be taken for granted that the action of Mr. McInnes will not carry with it authority to create a new precedent. The right of the Turner Government to meet its fate, whatever it might be, at the hands of the House, was clear; and the Governor incurred a serious responsibility in depriving his advisers of the opportunity, fatal though it might have proved to their hopes. The Governor writes as if the responsibility of the Administration rested upon him. He is not entirely free from responsibility, but he appears to have mistaken the nature and the scope of it. He might profitably read the British view of the responsibility of a higher class of Governor—a Governor-General—as shown in the Lamirande extradition case.

On reading the account of the taking of Omdurman and the occupation of Khartoum, the first impulse is the satisfactory reflection that Gordon has been avenged at last. But to grasp the true significance of the success of General Kitchener we must take into view the vast region on the Upper Nile, which by this event has been brought under the influence of civilization. The dream of Cecil Rhodes of the reign of British influence from Alexandria to Cape Colony is far from being realized, but another step in the process has been taken. Khartoum is a thousand miles from the equator, and France has shown a disposition to block the way. The Emperor of Germany shows his goodwill by being about the first to congratulate General