

where she is already strong. The practice of using for commercial purposes steamers capable of conversion in case of war is copied from England, and this Russian subsidy is probably induced in part by the existence of the Canadian Pacific line to the east. If ever Russia gets an outlet at the Persian Gulf, she may be expected to become more formidable in the Indian and Pacific oceans. The route of the new line is not fully given in the telegraphic announcement of the subsidy. It is not stated to what other ports besides Corea and Japan, which are only a few miles apart, the vessels are to run.

### THE RETALIATION DISCUSSION.

If Senator Morgan's view be correct as to the prospect of the Retaliation bill passing, the American Senate will refuse to the President the powers he has asked for. The tariff bill will, in a few days, reach the Senate, the attention of which it will occupy to the exclusion of everything else. Besides, he contends, the Senate has no intention to grant these powers, any more than it has to permit a Democratic Administration to settle the fishery question. Mr. Morgan's foresight is probably not at fault; the tendency has for some time been unmistakably in the direction in which he points. His view of the effect of what he calls the most effective retaliation against Canada, the collection of duties on all goods coming from or passing *in transitu* to Canada, is open to doubt. "It would," he says, lead to "the transfer of a large part of the trade which Canada now conducts with Great Britain and other foreign countries to American merchants and manufacturers." This is not the opinion entertained by men practically engaged in commerce in Canada. Many of them are, on the mere prospect of retaliation, having their British and foreign purchases which have hitherto taken the route of the States, landed at Canadian ports. The effect of putting duties on Canadian goods formerly sent through the States would be to deprive American railways of the profit of their transport, and it would certainly not increase the purchases by Canada of American manufactures. Mr. Morgan talks as if he was under the impression that Canada has no means of communication with Europe during winter except across the Republic. Otherwise there would be no meaning in his statement that Canada could not afford to import all her summer and winter supplies in summer.

President Cleveland, in two official documents, has shown himself to be an advocate of a measure of free trade, but without the name. Mr. Morgan thinks the President would not have done his whole duty if he had not done his best, in his retaliation move, to exclude from the United States Canadian lumber, wool, iron ore and other products that come into competition with American. This is something more than downright protection: it is prohibition, advocated by a friend and defender of the President's action and policy. This sort of retaliation would hurt Americans as well as Canadians. The exclusion of Canadian lumber alone would

be seriously felt in all building operations, and in a dozen other ways. The Gloucester fishermen would have been satisfied if Canadian fish had been excluded, without adding other things to the list. The President thought it necessary, Senator Morgan tells us, to make the list complete. The suggestion made, in an undertone, that it would be a good thing to exclude Canadian products which compete with those of the United States, is an appeal to the protectionist sentiment, and it almost looks as if Mr. Morgan felt the necessity of hedging on that question, as the President did for a wheel-about on the Fishery Treaty. President Lincoln would never agree to the policy of swapping horses while crossing a stream; it remains to be seen whether the Democrats will be prepared to swap the whole stud, under like unpromising circumstances.

Mr. Dolph took the Republican view, as obtained by the light of the Retaliation message and the reception it has met. He greatly overdid the case when he accused the President of having formerly taken the British view of the Fisheries Treaty, and made "a shameful surrender of American rights." But he is clearly in the right when he says that to prevent the importation of goods in bond into Canada through the United States would hurt American transportation companies, and tend to destroy certain American interests. We cannot agree with him when he says that it would not hurt Canada at all. It would hurt both countries, the Republic quite as much as Canada, if not more. No doubt it would strengthen Canadian lines of transportation, but at some cost to the public, a cost which in their sober senses people here are not desirous of paying. But if the necessity be forced upon them, the inevitable will be cheerfully met.

It is a noteworthy fact that, in this discussion, both the American parties show an anxiety to secure the annexation of Canada; one believing the policy of pressure, and the other that of persuasion, most likely to succeed. Senator Morgan believes in Retaliation as one of the most potent instrument with which to bring "Canada within the political affiliations of the United States, because it brought before the eyes of Canada the great practical question that their material interests are so bound up with those of the American people that a common government is necessary for all alike." This is a doctrine of which we have heard much in a modified form during the past year, though it has been preached with an object different from the attainment of annexation. Interest is strong, but it is not so strong as national feeling. In Canada, national feeling has been rated too low; it is even now evidently stronger than the influence which any hope of gain from a change of nationality is capable of exerting. The coercive policy is not new; long ago it had Potter for its apostle and Greeley for its advocate. It repels instead of attracting; and may be said to have definitely failed, after a fair trial. We can thank Senator Sherman for the words of kindness he uttered; but Canada desires nothing so much as to be left alone to work out her own destiny.

Meanwhile Senator Sherman's resolution to enquire into the relations between the United States, Canada, and Great Britain has been reported back to the Senate without recommendation. The Committee on Foreign Relations could not see its way to entering on the path pointed out by its author. Should time serve, the resolution will be used as a text for debate, in which both parties will air their views about the future of Canada. The Retaliation bill itself remains, for the present, before the sub-committee to which it was referred and from the constitution of the committee a favorable report is not to be expected. But though the bill is not likely to be recommended for adoption, it is possible that it may be adversely reported, but the probability is that it will not be reported at all. In this way, the Republicans may think that they will incur the least responsibility in regard to it; but if there were any means of forcing the issue, they might be relied on to vote against it, on the ground that the President is already in possession of ample powers of retaliation.

### DRY GOODS IMPORTS.

The scale and character of a season's dry goods trade in Canada is always affected by the relative amount of imports of such merchandise. If these have been upon a liberal scale, and anything occurs to lessen the normal demand, there is a great risk of forced sales and loose crediting. If, on the other hand, the imports are light, there is a chance that wholesale dealers will adhere more firmly to the good resolutions which they periodically make of restricting credits. It is important therefore to find out what the existing conditions are in this regard.

Taking the imports at Montreal and Toronto for three months ended with August, which period probably embraces very nearly the purchases abroad for the fall season, we find that they were the smallest for five years, being twelve per cent. less than in the corresponding period of 1887, eight per cent. less than in 1886, a trifle less than in 1885, and about four per cent. less than in 1884. Thus:

#### IMPORTS—MONTREAL AND TORONTO.

Three months of 1884.....	Value	\$4,505,255
" " 1885.....	"	4,316,389
" " 1886.....	"	4,678,163
" " 1887.....	"	5,037,266
" " 1888.....	"	4,327,007

The proportions of different goods coming into these two ports may be gathered from the following table:

	3 months '87.	3 months, '88.
Cottons .....	\$ 777,535	\$ 572,495
Woollens .....	3,113,389	2,584,140
Silks .....	633,852	670,803
Fancy goods .....	354,911	361,872
Hats and caps ....	157,539	135,787
	\$5,037,226	\$4,325,097

The decrease in imports of woollens is not so great as that in cottons, but it is to be borne in mind that the decrease in imports of cotton goods for several years past is accounted for by the fact that Canada has greatly extended and diversified her manufactures of these goods.

We may remark in this connection that a slight decline is just now perceptible in the price of domestic grey cottons, owing