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THE SITUATION.

Within the last few days it became known that the Ottawa Government had been negotiating with Mr. James Huddart for a line of fast steamers to run between Canada and England; and a provisional contract, subject to ratification by Parliament, has been made with him. The foundation of the proposed enterprise is an annual subsidy of \$750,000 a year. This is a large sum for Canada to pay; but whether it is sufficient to induce capitalists to go into the enterprise is a question. It is not pretended, of course, that Mr. Huddart possesses within himself the means of carrying out the scheme, which involves the building of four first-class steamships capable of making 20 miles an hour. He can only operate by going to England and forming a company strong enough to carry out the enterprise. Of his abilities as an organizer he has already given proof in the existence of the Australian steamship service, for which a third vessel is to be ordered on his arrival in England. The subsidy is the pivot on which success or failure to perfect the organization will turn. With a proffered subsidy of \$500,000 a year, even the Canadian Pacific Company has not been able to succeed; \$250,000 added to the original \$500,000 may make all the difference between failure and success. Mr. Huddart, with the weightier subsidy in his favor, would stand on a vantage ground which none of his predecessors in the experiment could attain. Money is now becoming a drug in the English market, and the present condition of suspense cannot last for ever. The present time may prove reasonably favorable for the launching of the enterprise.

Nothing has been lost by the delay in establishing a fast Canadian line of Atlantic steamers, and much may, in the end, be found to have been gained. The development of speed has made a marked

progress since the scheme was first started. The waiting will give us greater speed, with equal safety, than we should have been able to attain at first. How far the development of speed in steamship vessels is capable of being carried cannot yet be determined. The limit of the present depth of water in harbors and the approaches to them, puts a restriction on the size of the vessels; and even their length is liable to be limited by the conditions of accommodation at the docks. The very means taken to insure greater speed on the ocean, two propellers instead of one, has ensured additional safety. The case of the "Paris" shows that the danger from a broken rudder can be avoided by alternately using the two propellers for steering purposes. So that we gained in safety not less than in speed by delay.

Rumor says that a bill to modify the tariff will be presented to Parliament, at Ottawa, early in the session. Details are, of course, withheld, and the character of the measure can only be judged by the general tone of the speeches made by members of the Government, from time to time during the recess. The country expects reductions which will best be made with cautious circumspection. Whether the bill will meet reasonable expectations, the event must be left to tell. Ministers would do well to cease to treat tariff reduction as a matter of party policy, preference or dislike, and deal with the question purely on its merits, and in accordance with the obvious trend of public opinion.

In Lord Rosebery Great Britain has a Premier who has fondled, and in a way believes in, Imperial Federation. At the same time Imperial Federation will be no part of the ministerial programme, and the thing itself is not likely to be forwarded in the least by the fact that the new Premier has, in the past, expressed himself in favor of it. For the Foreign Office, Lord Rosebery was the right man in the right place. It remains to be seen whether his successor will do equally well when complicated questions of foreign policy arise. Short of Imperial Federation the tendency of the time seems to be to draw the colonies closer to one another and to the Empire, by cable, steam and a better understanding of one another's wants. This movement may be hastened or retarded by the policy of the Imperial Government. Lord Rosebery's strong personality, in connection with the premiership, will count for something; but he is weighted with Home Rule, and may have to yield something to his more radical colleagues. If he should ever reform the House of Lords, in the sense of making it elective by municipal bodies, as at one time he suggested, he would ensure its perpetuity and make it a more distinct power in the land than it is at present. By such transformation, the House of Lords could be made a real check on the Commons. The pre-arranged cry for the abolition of the House of Lords has died away almost as soon as it was uttered. A similar cause of offence is likely to happen at Washington. The Senate, which cannot

originate a money bill, and it was formerly a question whether it could alter one, is likely to make changes in the tariff bill. But no human being will see in these changes a reason for the abolition of the Senate. If the House of Lords were in real danger, the realization of Lord Rosebery's plan would be a means of avoiding it.

The decision come to by the Senate tariff committee, at Washington, that the reciprocity arrangement with the Hawaiian Islands, on the article of sugar, should be put an end to, is interpreted as a proclamation that the entire reciprocity policy is at an end. The committee has gone further in this direction, and strikes out nearly all the reciprocity provisions of the Wilson bill. To twelve paragraphs in the free list of this bill the rule of reciprocity was applied; it included salt, logs, bolts, sawed timber, sawed boards, clapboards, hubs, laths, pickets, shingles, and stoves. The effect will be that, if the Senate committee's changes go into effect, that these articles will come in free, whether the countries that export them reciprocally admit them on the same terms or not. And in that event, it is not probable that the retaliatory proclamation issued against Venezuela, Columbia, and Hayti, under the reciprocity policy of the Harrison administration, would long be permitted to remain in force. The question of ending it has always been an open one since the Democratic administration was formed; and, if conservative counsels have prevailed, it is because the tariff legislation in prospect would give a better chance of inaugurating the new policy. So far as can be seen at present, the policy of reciprocity, at Washington, is dead, and is soon to be superseded by an independent policy suited to the needs of the nation.

Substitution of *ad valorem* for specific duties is the predominant feature of the changes made by the Senate committee on the tariff bill at Washington. And they by no means always increase the amount. *Ad valorem* duties were a part of the Democratic creed, when Free Trade was its policy, and Secretary Walker of the Treasury its apostle. They were then advocated on the ground that they were theoretically fairer to the consumer, especially to the classes least favored by fortune, than specific duties. For this reason, the Senate committee of to-day gives them preference. People in business whose avocations compel them to advance duties, generally prefer the specific form. If the Senate should succeed in making an extensive change in the form of duties, in the direction indicated by the committee, one result will be to cut down the revenue considerably, unless the rates be put at figures to make them more productive than specific duties of like nominal amount would be. In other words, under-valuations will be made on a scale large enough to tell adversely on the revenue. At no port in the world has this fact been more clearly demonstrated than that of New York. *Ad valorem* duties are the fairest to the consumer, if they can be properly levied. They make a man pay taxes in