

to the people. That Canada does not do a greater export trade in paper, possessing, as she does, all the articles for its manufacture contiguous to each other, and cheap water transportation as well, is one of the most discouraging features to be met with in any attempt to assist in working up an export trade for the Dominion. To all the countries visited this article is found to be exported in very large quantities, yet Canada does nothing.

The Montreal Star has been interviewing some of our large paper manufacturers regarding the outlook of their industry, and Mr. Hardisty, of the E. B. Eddy Company, who considers that Canada's spruce limits are a resource more valuable than the wealth of the Klondike. As to selling newspaper in England, he thinks we shall have to wait until the supply of spruce in Europe is farther reduced. But he adds: "The supply of spruce in Europe is even now becoming exhausted, and Canada will succeed to the position of paper producer for the world. There is now a demand in England for our ground wood pulp, and it will grow rapidly. Parties here are continually corresponding with English concerns with a view to supplying mechanical or chemical pulp."

Mr. John Macfarlane, manager of the Canada Paper Company, stated that the raising of the American duty on Canadian pulp by the last change in the tariff turned Canadians to the utilizing of their own spruce wood and water-power for supplying the export. Certainly the Canada Paper Company has increased its capacity both for pulp making and for paper making since the passage of the Dingley Act. Mr. Macfarlane also expressed the belief that an export duty would hasten the expansion of the pulp and paper industries in Canada and the volume of exports very greatly. "In a word," says Mr. Macfarlane, "the Americans will not buy our pulp. They strip our forests of pulp wood, and they sell paper made from it so cheaply in England that we get less for the pulp we manufacture."

TRANSCONTINENTAL TRAFFIC.

Speaking of the benefits that the transcontinental railway lines of Canada and the United States are likely to receive growing out of the transfer of the Philippine Islands from Spain to the United States, The New York Financial News says that the Pacific coast States, especially Oregon and Washington, and British Columbia, are attracting great attention, not only in the United States but in Great Britain and other countries across the Atlantic, because of the fact of the great natural wealth of the region in rich soil, a temperate climate, great forests and a wealth of mineral deposits which embraces pretty much all the more useful metals as well as gold and silver. The extent and variety of this wealth make the region the great undeveloped section of North America, and must draw to it a vast population from the older States of the Union and from Europe. The British lines to Japan and China, and the United States trans-Pacific lines have been opening up new and very important markets in Asia, and they are markets which will grow rapidly and bring about vast interchange of commodities. These forces in themselves are sufficient to give to these transcontinental lines a greatly increased passenger traffic and will build up a good local traffic on large portions of the lines.

But, says our contemporary, a new feature has been added to the situation, the magnitude of which it would be hard to estimate, but it will be great, and that is, the capture of the Philippines.

It is difficult to see any way in which the United States can safely get rid of the Philippines. They cannot, under any circumstances be turned over to Spain. If left to the natives they will become a region of intrigue, disorder and piracy, brought about by underhand attempts of European nations to get virtual possession without responsibility, because no nation could undertake to annex them without probably bringing on war. The United States will have the only title recognized by international law and indisputable—the title of acquisition by conquest in war. And because of this that country will probably be compelled to hold them for a long time, certainly until it is demonstrated that they can have a stable government of their own, the sanctity of which will be recognized by the great commercial nations of the world.

The trade of the Philippines is a great one, and it will grow. It is divided up between commercial nations generally, but with the Pacific coast States and British Columbia, there will naturally grow up a very large commerce and all this is calculated to enlarge and to greatly vary the development of them. The transcontinental lines are coming in for a great and a long-pull boom.

AS TO BONUSING.

Speaking of the tendency of manufacturers to gravitate their works towards towns that offer them bonuses for going there, and away from towns that do not offer inducements for staying, The Monetary Times alludes to the appeal of the Dominion Cotton Mills Company, who have a large factory at Kingston, Ont., to the authorities of that city to bonus them to the extent of \$50,000 as an inducement to remain, with the alternative of the abandonment of that factory, and the erection of another in another place where greater inducements are offered.

It is said that a similar alternative has been offered by this company to the city of Brantford, where they have another factory, the explanation in both cases being that the inducement offered at another location, in this instance in the Province of Quebec, being large water power offered on exceedingly reasonable terms.

In our opinion it is not good policy for municipalities to offer extraordinary inducements to manufacturers to abandon another location where they may have been established for a long time, or to offer such inducements to retain an industry that seems inclined to migrate; nor is it good policy for manufacturers to engage in any such transactions; and the principle is, without doubt, contrary to the ethics of what is known as the National Policy. In this respect the principle of the National Policy is to encourage the establishment in the country of enterprises that otherwise would not come to the country, the inducement being the benefit the enterprise would derive by reason of the protection afforded by the tariff.

It might be argued that the inducement offered by the tariff for the establishment of an industry in the country is identical with the inducement offered by a municipality for