ESTABLISHED 1866.

THE MONETARY TIMES

AND TRADE REVIEW,

With which has been incorporated the INTERCOLONIAL JOURNAL OF COMMERCE, of Montreal, the TRADE REVIEW, of the same city (in 1870), and the TORONTO JOURNAL OF COMMERCE.

ISSUED EVERY FRIDAY MORNING.

SUBSCRIPTION—POST PAID.

CANADIAN SUBSCRIBERS,	-	$2.00 PER YEAR.
BRITISH "	-	10s. 6d. STER. PER YEAR.
AMERICAN "	-	$2.00 U.S. CURRENCY.
SINGLE COPIES, - - -	-	10 CENTS.

Book & Job Printing a Specialty.

OFFICE: Nos. 64 & 66 CHURCH ST.
TELEPHONE No. 1485.

EDW. TROUT, Manager.

TORONTO, CAN., FRIDAY, JUNE 15, 1888

THE SITUATION.

When the bids for the Canadian loan are opened to-day, it is expected that they will be found to average 95. This figure, for a three per cent. loan, is very nearly as much as British consols brought a short time ago, and it indicates two things: a rise of Canadian credit and a lowering of the general rate of interest. How much is due to one and how much to the other of these courses cannot be precisely ascertained. The earliest Canadian loans were made at six per cent.; the rate was gradually lowered till we can now borrow for half the interest we were once obliged to pay. This is a great fact, which it is easy to keep in mind. And while this change which has taken place is desirable to the borrower, it is much more easy to raise revenue than formerly. Taxation, when it has a protectionist object, has come to be welcomed, by a class of the population, as a desirable thing. The difficulty of a Minister of Finance is not, in these days, to increase taxes, but to get a rest from the importunity to go on increasing them from year to year. In the United States it has been found impossible to get Congress to release the country of the burthen of a surplus revenue, which is at once useless and injurious, a menace to trade and a peril to finance. There is in this state of things, in both countries, something abnormal, which time will cure, and which is meanwhile injurious to the common weal.

The case of individual borrowers differs from that of the Government. The difference between the rate which the Government pays and the rate at which corporations and individuals borrow is the difference of security as it presents itself to the mind of capitalists. It is very doubtful whether the current rates of interest on farm mortgages can long be paid. A farm that would not bring in rent more than three to five per cent. interest on the investment cannot pay current interest on loans on a large proportion of its value without a total absorption of rent. Take a case where the return in rent is only three and a half per cent., and there must be many such, a seven per cent. loan at half value will not leave a dollar to the owner. A borrower is permanently benefitted by a loan only when he can make more out of it than he pays for it, which we would fain hope is still true of the majority of farm loans, but it is not true of them all. This state of things applies not to Canada merely, but to the United States and even England. There is everywhere and at all times a tendency to a minimum of profit, and as we approach that minimum, the rate of interest which it is possible to pay diminishes. Reduction in the cost of transporting produce has carried competition so far that the profits of farming in all countries is fast approaching a minimum, and high rates of interest on farm mortgages are no longer possible.

The Grand Trunk shareholders, in accepting the Act of Parliament authorizing the union with that company of the Northern and North-Western Railways have put the seal to the transaction, from which a considerable annual saving is expected. The directors were given authority to issue four per cent. debentures in exchange for Hamilton and North-Western preference stocks. From this exchange a saving of £15,000 a year is looked for. The three roads can be worked more economically under one management than two, and as the new acquisitions are not competing but complementary lines to the Grand Trunk, the public interests will not suffer by the union. The Grand Trunk will before long get a share of the traffic of our North-West, and in spite of past drawbacks, it has a great future before it. Last year's crop in Manitoba is a foretaste of what is to come from the great country of the North West.

The Democratic party of the United States, in re-nominating Mr. Cleveland for the Presidency, adopted a platform in favor of fiscal reform, laying down the principle that all "unnecessary taxation is unjust taxation." It also bears hard on trusts and contributions and other devices by which the mass of the people is plundered for the benefit of the few. A surplus of $60,000,000 a year is collected, and there is now lying idle in the treasury one hundred and twenty-five millions of dollars. The ground is taken that the established industries of the country need not be endangered by a reduction of taxation. The platform of the Republican party, to be adopted at Chicago next week, may be expected to advocate rank protection. The financial issue will be fairly before the country, but what the result will be it would be useless to guess. Maine and Oregon, lying at two geographical extremes, have just gone Republican, and Mr. Cleveland will be more distinctly the candidate of the Democrats than he was before, when he received the support of civil service reformers and others who had been Republicans. The Irish vote is being angled for by the Republicans, and is, apparently, in a fair way of being caught. Should Mr. Cleveland be defeated, fiscal reform will be longer in coming, though come it must, in any case, before many years roll over.

The coal section of the Toronto Board of Trade has got a reprieve, on condition that it be reformed. The investigating committee recommends that the power which the executive committee claimed of arbitrarily fixing the price of coal is not one that the board should sanction, and that clause five, which purports to grant this power, as well as that of enquiry into the profits of the coal trade, be expunged. The amended constitution of the coal section never received the sanction of the board, and the mystery remains how any could have thought that it did. This point is not satisfactorily cleared up, probably because the investigating committee desired to be lenient to the offenders, to whom, however, a sufficient warning has been given.

Mr. Dingley's resolution calling on the American Government for information about alleged discrimination by Canada against American vessels on our canals, and suggesting higher tolls on vessels going through the Sault Ste. Marie canal, when bound for a Canadian port, may be useful as pointing out the necessity of constructing our own projected canal at the Sault. Mr. Dingley has resorted to the old pretence about Canada violating the spirit of the Treaty of Washington, as he cannot pretend that the letter is not kept. There is absolutely no ground of complaint, and Mr. Dingley resorts to an ingenious device to invent one. But we may thank him for the warning which he incidentally and altogether unintentionally gives that Canada would be safer if she had her own canal at the Sault Ste. Marie. It may cost five millions, but it will be worth it all.

In a few days the control of methyline will be in the hands of the Inland Revenue Department. It will be disposed of chiefly to varnish makers, whether also to druggists is still undecided. Should this question receive an affirmative decision, the methyline will be mixed with naphtha, to prevent its being used as a beverage. The manufacturers of methylated spirits, whose occupation will end with this month, have not been permitted to accumulate a stock, as some of them tried to do; and we may expect that, under the new law, the use of this exceptionally dangerous alcohol will almost at once cease to supply the place of potable spirits. The making of methyline will be confined to the Government, and its distribution for industrial purposes be restricted. The havoc which methylated spirits was making is a full justification of this act of power.

The Government of Quebec is anxious if possible to secure a conversion of the public debt of that Province, with the view of reducing the rate of interest. The mode in which this task is expected to be accomplished has not yet been disclosed. Faith with the public creditor must be kept, and, as is admitted, negotiation with the holders of existing securities is essential. Some inducement to conversion must, of course, be held out. Should there be any defect of form connected with the existing issue, it could not be pressed far as