

Explaining the Silver Decline.

The course of the silver market for several years past has been that of a continuous, though irregular, gravitation towards a lower basis of value. The advance in the price of the metal which accompanied the passage of the silver purchase act of 1890 was merely a temporary interruption of the process. The effect of the speculative excitement which furnished the sustaining power in that case once dissipated, the natural factors promptly asserted their influence, as they have with varying force continued to do ever since.

The past week has witnessed another forcible illustration of these circumstances. As is pointed out in the regular financial reports in another column of this issue, the commercial price of silver has again touched a still lower level than was ever before recorded. On Saturday the price of bars in New York was 82½¢ per ounce, the London quotation being 37½¢ per ounce. From this level, it will be observed, there has been an appreciable recovery. The New York quotation has risen to 83½¢ and the London figures to 38 5/16¢, with corresponding improvements in our silver bullion certificates, and in India exchange and the silver obligations of the Indian government, which affords a basis for dealings in silver in the London market.

The causes of this sudden rally in silver prices, like the reasons for the marked decline which preceded them, are sufficiently plain. This, however, does not prevent the subject from being obscured by current references to alleged artificial causes. A statement which has found circulation and attracted attention is that the movements have been the work of a mysterious bear syndicate of speculative operators dealing in silver in the London and even the New York markets. According to some chroniclers the interest has for some time past put out extensive lines of "short" sales of India rupee paper in London, and had likewise undertaken large transactions for the future delivery of India exchange and bar silver. The allegations were even made that they had also successfully put out lines of "shorts" in silver bullion certificates in New York. According to this theory, therefore, the excessive apprehensions in regard to eastern trade and as to the ability of the United States Treasury either to keep up its silver purchases under the silver act of 1890, or, if it did so, to maintain the parity of gold and silver in the country's currency, have been set in motion by the said operators. The resulting decline in the price of the metal and in values measured in it has accordingly been met by purchases to cover their outstanding "shorts," and as a result, if this view is accepted, the slight improvement now witnessed in the position of silver over that which it occupied last week is easily explained. In commenting upon this view of the matter it can safely be said that there are certainly no tangible indications that any extensive "short" sales of silver had been made in the New York market. In fact the meager nature of current transactions in silver bullion certificates—the only medium here for speculative dealings in silver—for a long period furnish an almost complete refutation. It is quite possible, however, that "short" sales of Indian government securities have occurred in London. That would be the natural outcome of the steady warnings which the most influential portion of the London financial press have been uttering on the subject for some months past. On the other hand there are no indications of any valid character which would support the idea that an extensive speculation for the decline in India exchange or in silver has been on foot in Europe, nor are the dimensions of those markets such that large transactions of the character already indicated could be carried on without more positive identification.

Under the circumstances little weight can be given to such views. The factors referred to in last week's issue of *Braistreet's* are still the only tangible explanation of the current

manifestations. Uncertainty in eastern trade, demoralization of India exchange, and an outcry from the European community in India for relief, even to the point of demanding a suspension of silver coinage by the Indian mints, are sufficient to create depression in silver, even if other factors did not accompany them. Among these a leading place must be given to the general belief in Europe that the coming International monetary conference is unlikely to lead to any tangible results. The great and controlling element, nevertheless, continues to be the vivid and, as it seems in this country, exaggerated fears entertained in Europe about the ability of the United States to maintain its position in respect to the place of silver in the national currency. The strength of these views and feelings and the character of their effect upon sentiment abroad cannot be estimated. It is urged that, even if such prophecies of evil as the London *Statist* and its contemporaries may be correct in their views of the danger to American finances, the effects they predict require for their accomplishment a much longer period of time than is apparently allowed. The troubles which they expect may therefore be obviated by an alteration of the general situation or by legislation long before their actual appearance. Foreign commentators on American finances have made the same mistake on several former occasions. Nevertheless, this sentiment is for the time being a controlling factor, and its existence, with other elements, is quite enough to furnish a satisfactory explanation of the demonstrations to which silver has just been subject, while in the natural reaction which follows a movement of such force is to be found the probable occasion for the rally which has just been noted.—*Braistreet's*.

Our Canadian Sault Canal.

The state of things that has been brought about by President Harrison's proclamation cannot be said to have come to pass without warning. Again and again it was foreseen by Canadians of cautious temper and provident habit that circumstances might arise which would place Canadian trade at a disadvantage, so long as our Lake Superior shipping was wholly dependent for accommodation at the Sault on the good will of our neighbors. More than forty years ago it was represented to the Government of the day that a canal on the Canadian side of the strait was essential to the independence of Canadian trade and navigation. Indeed more than half a century before that date an attempt had actually been made to anticipate the belated work now in the course of construction. Reference to this earlier Sault Ste. Marie canal is found in the instructive historical appendix to the report of the Public Works department for the year 1889-90, and in Mr. Brymner's Archives Report for 1886 we have a sketch of the history of the structure, which is not without interest at the present juncture.

In 1798 the partners of the N.W. Co. disagreed and a new body, the X.Y. Co., was formed. In 1802, when the disputes between the two corporations had reached a rancorous pitch, the older one applied for the privilege of having the sole use of their improvements on the north side of the Sault, consisting of a road 45 feet wide across the carrying place and a canal, 3,000 feet long, with a lock raising the water nine feet, a saw mill, store houses and other buildings necessary for the navigation of the canal. The company's spokesmen, Messrs. McTavish and Frobisher, urged the cost of the canal and its failure to yield a revenue (being intended merely to facilitate the transport from lake to lake) and other considerations entitling them to the sole use of the canal, save for adequate toll on property carried through it. On behalf of the rival company, Messrs. Forsyth and Richardson insisted on their right to the use of the "dam" for a reasonable compensation. The dispute was settled by a kind

of compromise. In a few years the rival bodies became one and in 1821 the N.W. and H.B. companies were amalgamated under the auspices of Sir George Simpson, who ruled the destinies of the unified corporations for nearly forty years.

In 1814, as Gabriel Franchère mentions in his "Narrative" (*Relation*, etc.) a body of United States soldiers in command of a Major Holmes destroyed the North west company's buildings and schooner, the latter having grounded and (being set fire to by her fugitive captain) burned to the water's edge. Mr. Franchère, in company with Mr. McGillivray, saw the ruins on the 30th of July, 1814, but says nothing of the canal. In 1821, after the readjustment, new buildings were erected and in 1821 an agent of the Hudson's Bay company, negotiating with Col. Darling, military secretary, for the sale of the property, submitted a plan, which showed the canal, but not the lock—a race to the mill being, however, marked on it. The remains, still visible, are those of a narrow channel, wide and deep enough for bateaux and canoes.

In 1831 two petitions were presented to the Legislature relative to the construction of a canal on the British side, one of which, that of Angus D. McDonnell, of Toronto, became the basis of a bill which passed its second reading, but was rejected on motion of Mr. (afterwards Sir) F. Hincks, seconded by Mr. (afterwards Sir) L. H. Lafontaine. Next year another petition was presented by Allan McDonnell, but by that time the State of Michigan (which had failed in its attempt of 1839 through misunderstanding with the Federal Government) had the start of Canada, and in 1855 the United States canal was completed.

During the forty years that have intervened between the inception of the canal on the south side and the present, the want of a canal of our own has frequently been brought home to us. It was not, however, until 1887 that definite measures were taken for the construction of a canal on the Canadian side. Apart from international difficulties the traffic had increased and was increasing so materially that further accommodation had become necessary. Since then it has been making fair progress, but the promise to have the canal ready for use in May, 1892, was unhappily not kept. Otherwise our position would not be so awkward as it is at present. The canal proper will be two-thirds of a mile in length, but with the approaches it will not be less than 3½ miles. The length of the lock will be 900 feet; the breadth 50 feet; the water on sills 18 feet; the lift about 18 feet. The whole length is, for construction, divided into three sections. The first of these, 5,300 feet, extends from the navigable channel of St. Mary's river below the rapids to the foot of St. Mary's island; at this point the second section, 3,500 feet, begins, extending to the head of the island, where the third section, 9,300 feet, has its starting point, its goal being the navigable channel above the rapids. Sections I and III comprise also the construction of entrance piers and beacons. The chief assistant resident engineer since 1887 has been W. Crawford, Veyo Curran being the assistant (since March 1, 1889,) and W. G. McNeil Thompson engineer in charge.—*Montreal Gazette*.

The Trans-Siberian Railway.

The construction of the trans-Siberian railway is under way, and 12,000 men are employed on the eastern section. Of these 1,300 are convicts, 1,600 exiles, 2,100 soldiers, 300 Russian workmen and 6,000 Chinese and Koreans. "Work is now in progress along the entire line. Everything is ready for the construction of the stations and the fixing of the telegraph posts, and it is expected that sixty-two miles will be completed this autumn."

Work of developing the Tunnel Island water power at Keewatin will be begun shortly. It is expected this will make a great manufacturing centre at Keewatin.