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## THE SITUATION.

A bit of tariff retaliation has been indulged in by the Canadian Parliament, in the form of a duty of five cents per dozen on eggs. Retaliation is apt to act as a boomerang and to injure the country which indulges in it quite as much as the one against which it is directed. What benefit can Canada derive from a five cent duty on eggs?

Efforts are being made to secure for Canada the benefit of the minimum tariff of Spain. Should they succeed, Canadian trade will be on the same footing in Spain that the Americans have obtained by the late commercial treaty.

From the way in which the British elections are proceeding, it looks as if the Salisbury Government was going to be sustained. The Liberals were misled by the trend of the municipal elections in London. In Canada we well understand that provincial and Dominion elections, turning upon different issues, result differently from the party point of view. The cause which Mr. Blake has espoused, Home Rule in Ireland, is apparently not on the point of triumphing, as its advocates had prophesied in a tone of confidence.

In capturing the supply steamer "Coquillan," the American cruisers struck the hardest blow at the Canadian sealers which could have been delivered by any single act. The "Coquillan" furnished provisions to the sealing fleet and took away the skins they had taken. In this case, much depends upon the facts as to the position in which the captured steamer was when seized. It is alleged by her capturers that she was in recognized American waters. No sealers have been captured, their supply vessel being the only victim so far; to what extent this seizure will deprive the sealing fleet of the means of pursuing the avocation on which they ventured is somewhat uncertain.

Mr. Foster is in some respects a fitting successor to Mr. Blaine as Secretary of State for the Republic. In the negotiation of the reciprocity treaties he bore a conspicuous part. In the diplomatic sphere he has seen service in Mexico, Russia and Spain; and as he was not a politician before he was a diplomat, it is fair to presume that he has some merit in the line in which he is best known. Under the previous administration, he negotiated a commercial treaty with Mexico which did not receive ratification by the Senate. He was engaged to aid in the negotiation of the treaties with South America, as well as the abortive negotiations with Canada. There is no reason to expect that his acceptance of the secretaryship will have any influence on reciprocity with Canada, or that his views on the subject differ from those of Mr. Blaine. Constitutionally, the treaty-making power rests with the President and the Senate, though the real work of negotiation may be done by some one in whom the President has confidence.

On the supposition that the United States' view of the Canadian canal tolls is correct, the right of retaliation cannot be denied. Retaliation is in the case supposed, provided for by the Treaty of Washington, and the mode of doing so is prescribed. It is provided that in case Canada violates the treaty which guarantees to the United States the use of our canals on the same terms that it is enjoyed by Canadians, "The Government of the United States may suspend the right of carrying granted in favor of the subjects of her Britannic Majesty." The carrying in question is of goods in bond, partly by Canadian rail ways and partly by water, from one point in the United States to another. This form of retaliation was, in fact, exercised seven years ago, and now another form is threatened for the same alleged offence, the first not having been successful. The American Government holds to the view that the rebate of Welland Canal tolls applying to the St. Lawrence route and not to vessels that go to Oswego, is a violation of the treaty. The retaliation threatened in Congress, by the report of the Committee on Foreign Relations, in the form of a bill, is of another kind. It gives the President power to close the Sault Ste. Marie Canal to Canadian vessels, or to impose tolls, \$2 per ton on freight and \$5 on each passenger, as he may judge expedient. The object of granting such authority to the President would be to compel Canada to remove the alleged discrimination. The retaliation proposed is more directly in kind than that provided for by the treaty, and exercised in 1885.

The canal tolls dispute is a case of differential interpretation of a treaty obligation, and one of the disputants is in a position to enforce its view upon the other. The divergent views are not capable of being reconciled. The use of the Canadian canals, by both countries, is permitted on conditions common to both, though the Canadian route is favored by discrimination. The American complaint is that Americans cannot, in consequence of this

discrimination, enjoy another route, apart from the Canadian canal system, on terms equal to those who use the Montreal route. Canada never guaranteed that they should. The answer is that the Montreal route is equally open to them. They rejoice that they do not want to use it, but that they desire to break out into another channel after having passed the Welland. That is their own affair, and in no way does their wish show that so long as they adhere to our canal system they are treated differently from Canadians. But when the force of legislative authority is invoked to procure retaliation, argument is at an end, and the question is what is best to be done under the circumstances. The Canadian Government is willing to drop the discrimination, but asked as a condition that the Americans restore the right of carriage of goods, from port to port in the United States, when part of the distance covered is by water and part overland in Canada. This privilege, conferred by Article XXX. of the Treaty of Washington, was abrogated by the United States in 1885; and there is no disposition to restore it.

There is reason to believe that the Canadian shipping interest got unduly alarmed when it assumed that, if the Welland canal tolls were remitted in favor of the Oswego route, as well as by that of Montreal, a large part of the traffic which now goes to the latter city would be diverted to Oswego. The New York *Commercial Bulletin* points out that, from causes other than that connected with the canal tolls, "the American ports on Lake Ontario have long since ceased to be factors in the grain trade." The tolls remitted, it is pointed out, are equal to only .535 of a cent per bushel on wheat, .50 of a cent on corn and .285 of a cent on oats. Other causes for the deflection of the traffic exist. Wheat is carried from Chicago to the seaboard at about half the rates charged ten years ago. Last year the cost of carrying a bushel from Chicago to New York was 5.96 cents, 2.38 going to the lake section and 3.58 to the canal section. The Montreal route has to compete against these figures; and surely the competition on the Oswego route, in case of remission of Welland canal tolls, could not present a greater difficulty.

There is some fear that the heavy rains which have fallen in Ontario will injure the growing crops, and to some extent it is well founded. But the damage, far from being general, is confined to low and heavy lands, where potatoes are suffering and wheat is showing signs of rust on the leaf. On sandy soil the rains have been beneficial. On the whole, the crops present a magnificent promise; but it cannot be denied that a critical period has been reached and that much depends upon the weather during the next three weeks. Some grain crops have been lodged by the rain, especially wheat; they may rise again, at least partially, under propitious circumstances. With favorable weather between now and harvest, the crops will be the most abundant that have been reaped for years, while a continuance of such rain-falls as have