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TORONTO, FRIDAY, DECEMBER 14, 1900.

THE SITUATION.

As went the Quebec nominations, so went the elections. Before the day of voting, 35 out of 65 were elected by acclamation; and on the day of election, the Opposition was practically annihilated, securing only some half-dozen representatives. Some are counting the majority getting at loggerheads among themselves, a not impossible contingency if the Opposition pursue a course of masterly inactivity; but no probable line of cleavage is visible. Some of the causes of the rout of the Conservatives were at work as much as twenty years ago. The attack on the Castors, as they are called, came mainly from within, and this was done with the weapons of Ultramontaniam. The first conspicuous onset was made on M. Chapleau, in pamphlet form; L'Etendard, which called itself Catholic and Conservative, poured hot shot into the ranks of the party to which, while doing the work of an enemy, it claimed allegiance. One or two other journals took a like course; the party became divided, and is now an easy prey to the conqueror. The questions now active were under discussion then; Imperialism and its possible demands on the French race being the most marked; in the late election they were exaggerated and inflamed and had much to do in bringing about the result that is now before us.

Portugal and Holland have broken off diplomatic relations, as a result of the war in South Africa. The Portuguese port of Lorenzo Marquez was the only means by which the Boer Republics could reach the ocean, and Holland so grossly violated the rights of a neutral that, in the end, the Dutch Consul at that port, Mr. Potts, was expelled. The Dutch, though their own conduct during the war had been entirely indefensible, pretending cause of offence, then withdrew their consuls from Lisbon and the Hague; they also recalled their Minister from Lisbon. A British fleet arrived opportunely in the Tagus, so that Portugal might not suffer from the spirited performance of her international duty. At a banquet given to Sir Harry

Holdsworth Rawson, at the royal palace, the king put on record the fact that he had telegraphed "my great satisfaction at the frank and loyal alliance uniting England and Portugal," a satisfaction which Queen Victoria hastened to reciprocate. When the offending Netherlands Railway, whose managers, directors and servants took an active part in the war, contrary to their duty as neutrals, is called to judgment, Holland may squirm a good deal more than at the rejection of one of her offending consuls.

Mr. Bond, Premier of Newfoundland, has got the consent of the Colonial Office to increase the number of the Island Ministers, and the increase has been made. The cabinet now consists of eight members, and there are three members of the Government not in the cabinet. The increase has for its object the bringing in of some members who are personally familiar with everything connected with the arrangement subsisting between Mr. Reid and the Government. Their capture is guarantee that they will not be found on the other side, when the question comes up for treatment. The weakness of Mr. Reid's position is that he is seeking a compromise and that unless he gets it he is checkmated. He is, too, without an atom of reserve power, having very indiscreetly wasted the last ounce of his strength in opposing the Government at the recent elections. Mr. Bond also wants a compromise, which he is not in a position to force. The attitude of the two parties may possibly admit of something being done if, which is not free from doubt, both be willing to give and take on equitable terms.

The City of Winnipeg has deferred to exercise its borrowing power till early next year, when an additional amount will be required. The issue will be covered by a Sinking Fund. In 1887, power being obtained for that purpose, the Sinking Fund was suspended, and it was not revived again till 1895; but of the money at the credit of the fund, \$250,000 was applied to the payment of the first issue of bonds, which fell due in 1894. There is no Sinking Fund to redeem the bonds issued prior to 1896, \$2,390,682.64, and a reissue is the only expedient in sight. Last year and this year the bonds of the city of Winnipeg sold for 4 and 3½ per cent., there being Americans among the bidders. This is a new factor in the sale of such securities, which is destined to become more familiar, and it can scarcely be without its effect on rates. The last issue of Montreal city bonds found a market in Boston.

The Canadian Manufacturers' Association, in a recent circular to its members, opposes the present system of municipal taxation on personalty and favors as a substitute, if any, a system of taxation on rental values. Enquiry into what are the rentals of each building would be requisite, and the old objection of disclosing private affairs would take a new form. Advocates of the change do not state whether they are willing that the new tax should yield as much as the old; and it may be taken for granted that, under a new name, a reduction in the amount is often aimed at. But the circular aims at something more; nothing less than that "municipalities should be permitted to