

which would bring such competition to an end. The honest merchant has a direct interest in aiding in putting down dishonest methods in others.

Bismarck makes no secret of his belief that war between France and Germany is inevitable. In asking for a renewal of the military budget, for seven years, he was bound to give a reason for anticipating the expiration of the existing budget and providing for an increase of war-like means; and he did so by pointing to an inevitable struggle with France. This speech explains the reluctance of Germany to be dragged into a war against Russia, and the seeming coolness of German statesmen towards Austria, which has more to fear from Russia than any other power on the continent of Europe. But if Russia be bent on war she would probably seize the opportunity for rushing into it, when Germany and France had their hands full. The prospect of European war seems to be imminent. Should it occur, will England be dragged into it?

INTER-STATE RAILWAY TRAFFIC.

Stress is laid on the fact that any legislation which the Congress of the United States may enact in regard to inter-state traffic will not affect the rival Canadian route. But there is a possibility of supplementary legislation here, which would have the same effect. The Royal Commission of Canada must have reference to legislation, or it is without meaning. Should the legislation of Congress on the subject be just, it would form some guide for Canada, on a subject of confessedly great difficulty.

The United States Senate Committee on Transportation routes to the seaboard finds that the rates for local traffic are generally charged on the consideration of what the traffic will bear. In other words, the railway companies exact, from local traffic, all they can get. In Massachusetts, terminal charges being taken into account, the charges for varying distances were found to be more equitable than in any other State. Still, even there, a haul of thirty-six miles is done at a less rate than one for fifteen miles. In Ohio, in a haul of sixty and in a haul of ninety miles no difference is made; while, strange to say, the charge for the long haul of two hundred and sixteen miles is not proportionally less but greater. Rates vary very greatly in different States. This may or may not be just, since the conditions of level, cost of construction and expense of haulage vary; but the difference in cost does not always follow the variations of condition, in the natural order. In many States, rates have declined considerably, in the last few years.

The cost of carriage has much to do with the competition which the United States and Canada sustain in the supply of cereals to Great Britain, from other countries. From 1836 to 1842, the United States supplied less than one per cent. of the wheat imported into Great Britain; but as facilities of shipment increased, stimulating as it did production, there came a time when it supplied fifty-four per cent. This com-

petition is greatly affected by the cost of transportation: in proportion as freight rates declined, exports increased. But of late new competitors, including India, have come in to alter the conditions of the problem. The British imports of wheat from Russia have fluctuated, at different periods since 1836, showing on the whole an advance but not without some recessions. Similar imports from Germany have undergone a striking decline: at one time they were fifty-three per cent. of the whole; now they are only six.

The question of equal rates for all distances has a direct bearing upon the exports of the United States and Canada. Section four of the Inter-State Commerce bill deals with this question. It at once prohibits and authorizes unequal rates: it prohibits them, unless reason for their existence be shown to the railway commission under which the bill is to be worked. The New York Chamber of Commerce acts as it might be expected to act. At one end of long lines of railway, New York naturally wants the cost of the long haul to be made as light as possible. The Chamber of Commerce argues that an inhibition to charge proportionally more for short than for long distances would not lead to a reduction of local rates but to an increase of through rates. There is no doubt something in the contention that "upon the utmost freedom in making through contracts from the west to the seaboard depends the development of the entire west and its farming lands." The bill provides that if a local rate is unjust it may be remedied; but we are told, "the consideration thereof must depend upon the particular surroundings and circumstances of that individual case, and not upon that of others further on the line, who may have competing roads, water transportation, and many other things affecting rates of freight not at all applicable to the case in question. One immediate and inevitable effect of such a prohibition "the Chamber of Commerce insists," would be to divert most important volumes of freight to competing Canadian roads running to the seaboard."

The assumption that local rates would not be lowered but through rates increased, as a consequence of a denial of the right to discriminate, is not proof. Nor is it consistent with probability. Through rates are generally between competing points, and every thing invites the railway companies to make them as low as possible; and we have the evidence of the Senate committee that local traffic is now, as a rule, burthened with the highest rates it can bear. There is a difficulty therefore in increasing it; to keep through rates as high as they are at present, while local rates were increased, would mean an increase of rates on the whole. Local rates cannot, perhaps, certainly not without injustice to the companies, be everywhere brought to a uniform dead level. Other things are not equal: cost of construction varies; nature is not everywhere the same; surface levels vary; working expenses are not the same in a plain that they are in a hilly region. Water competition is a factor with which the railway companies must account. All this is true, but it does not

follow that the railway companies should be at liberty to discriminate as they please. That a prohibition to charge proportionately more for short than for long hauls, on American roads, would divert traffic to Canadian roads running to the seaboard is a statement easily made, but difficult, we may say impossible, of proof. The trunk lines would not, in that case, any more than at present, permit the Canadian roads to carry off an undue proportion of western traffic. And the necessity of preventing them doing so would tend to keep down through rates. Even on the admission of the New York Chamber of Commerce, the conditions of competition between Canadian and American railways would not be altered, unless the Canadian reduced their through rates. And why should they do so then any more than now? The fear of destructive competition would have the same effect on them then that it has now.

The bill prohibits pooling in an absolute manner. The N. Y. Chamber of Commerce in objecting to this provision would seem to show that it is greatly under the influence of the railways. While great commercial organs treat the question in this way, there is not much probability of Congress putting an effective curb upon railway wrongs and abuses.

Should the bill pass, there is reason to fear that the discretionary power with which it is proposed to vest a railway commission will prove to be the weak point in practically carrying out its provisions. If the general enactment against discriminations is to be made liable to be overridden by the exercise of the power of discretion, somebody must be trusted to exercise it. And the question is whether a railway commission would be the safest depository of that power. Experience, which is already pretty ample, answers no. As a rule, the courts of the United States have shown no undue leanings towards railway companies, though it is possible, if common report may be relied on, to point to one or two scandalous exceptions. The railway commissions, in the several States, cannot show so good a record. A railway commission would be more liable than a court of justice to the assaults of corruption, the sanctity which hedges a court not being present to guard its integrity. The Royal Commission now enquiring into the advisability of establishing a railway commission is going to take cognizance of the inter-State traffic bill. But the bill without the experience which its working will bring can only show what Congress aims to effect; to find out what it is able to do, by means of this bill, we must await the result of experience.

—A copy has been sent us of Festing's Exchange Tables, taken by photo-lithography from the original edition and reprinted by the Canadian Bank Note Co., Montreal. These will be found of service in converting sterling into dollars and cents or *vice versa*. Tables are given at par, and at percentages of exchange rising by eighths from 6½ to 12½ per cent. There is also given a table of differences at 1-16th per cent. Copies may be had from Mr. M. Morris at the Bank of Commerce, this city.