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THE SITUATION.

After the close of the debate on the Address, no time was lost by the Minister of Finance in bringing down his budget. The principal feature is in the Ways and Means, in the form of tariff reductions, by which a loss of \$1,500,000 revenue is estimated. The new tariff as presented to the House, is that much below the revenue standard of the old one. This will necessitate economy in the expenditure. If \$1,500,000 is lopped off, \$1,000,000 which for each of the last six years out of the ordinary revenue has gone into public works, will not in future be available for that purpose, and if expended at all must be borrowed. At Washington this would be called a revenue tariff, and the imputation of protection would be indignantly spurned. Mr. Foster takes another tack, and defends a tariff of reductions aggregating a million and a half, as a measure in which the protective principle is retained. These reductions, covering an immense area, are moderate in amount, and the change will be effected without causing any serious shock to the manufacturing system. Some complaints are made here and there, but this was to be expected. If the complaints are not loud, neither is there any great enthusiasm among those by whom reductions are favored. This is explained by the fact that the more pronounced tariff reformers are found in the ranks of the Opposition, while the present reducing Government belauds protection even when cutting down the tariff below the level of the greatest revenue-producing capacity.

The opinion has been expressed that there are changes in the tariff which are too insignificant to reach the public, and that in others, sugar for example, the only effect will be that the consumer will obtain a better article at the old price. When duties are slightly raised on particular articles, such as whiskey and beer, experience

has shown that there has been no increase in price to the consumer. Will the reverse of this hold true, in respect to some articles on which only a small reduction is made? This is perhaps not impossible. Something may depend upon the nature of the thing taxed. In the present day profits are reduced to a minimum. This happens in obedience to general conditions of trade, and so long as the controlling conditions are in force, the same tendency will continue to be felt. But some of the reductions may be too minute to reach the consumer; and in that event they will enure to the benefit of the agents of distribution. But even a two per cent. reduction would probably, as a rule, be felt by the consumer, and few are below this figure. There is no doubt that the reductions as a whole will be felt as a degree of relief from the pressure of taxation, but the degree will vary in different instances.

Some welcome additions to the free list are made, though here, as elsewhere, complaints of deficiencies are heard. For the admission of books free, public institutions have long been calling; the request has been granted when the age of the book is more than, so far as they are concerned, twenty years. The mistake is in not freeing, as the American law does, all books of this age. Six cents per lb. on some books is a high percentage. Taxes on knowledge are a relic of barbarism, and the sooner they are swept away the better. Coke and coal dust are to be free, as well as many articles in the nature of incomplete manufactures, or which enter into other manufactures. The question of what should be admitted free and what made dutiable, when the article partly manufactured was to enter into a complete manufacture, could only arise under a protective system. But obviously the best way of encouraging manufactures is to free the materials on which they work. The most important omission in the free list is pig iron. The retention of the duty is for the purpose of protection. When we look back nearly a century on the American protection of iron, we wonder when this policy is to cease. Five years are the limit which Mr. Foster puts to the bonus of \$2 a ton on puddled bar. How will some other Minister of Finance deal with it after him?

Money is so plentiful in the London market that, it is announced, the British Government can make a yearly loan at a less rate, 19-16, than ever before. The want of confidence that has long prevailed has prevented investors taking such chances as were offering, and the result is that a very large amount of funds is awaiting investment. Government loans are favorites, especially when the government is that of Great Britain. These facts explain the low rate mentioned. Reviving business, already felt, will be likely to bring a return of confidence, acting with discrimination at first, whatever may be the outcome when various new forms of activity get in full swing. All sorts of new companies will feel the money market as soon as there is a chance of their being floated; more such,

it is said, will be in the market as borrowers than at any time since 1891. Appeals to prudence are likely to come, in the shape of stern facts, from time to time. One of this kind has just appeared, in the failure of the New Zealand Loan Company, of which one director is a member of the present Government and two are ex-cabinet ministers. Events of this kind give a shock to confidence even in the names of men occupying the most exalted positions. It remains to be seen whether these directors did anything worse than agree to the publication of statements of which they had not mastered the full import and significance.

A new feature connected with the doings of Mr. May, late of the Bank of England, is said to have cropped up, in the form of his having employed brokers to operate for him on the Stock Exchange. In doing so they violated a rule of the governing committee of the Exchange which prohibits members of the Exchange from transacting business with persons in fiduciary positions, without the knowledge of principal's employers. The inhibition is said not to have been observed by the committee whose business it is to enforce it, but that some of its members acted as the agent of Mr. May in forbidden transactions. The rule is a good one, but it becomes valueless if those charged with its enforcement do not themselves scruple to break it. A complaint made to the men who are guilty of the offence complained of, suggests the necessity for a change of tribunal to enforce the rule. If every wrong implies a remedy, there must be some way of straightening things out even in this complicated case.

Under the arrangements made last year between the transportation companies of Canada and the United States, the Government of the Republic has appointed commissioners of immigration, at Halifax and Quebec. Their duty will be to prevent going on to the United States any immigrants who may come under the description of paupers or otherwise undesirable persons. What will be done with those rejected? Will Canada also reject them as a matter of course? Or will their case be again decided upon by our Government, directly or indirectly? In the event of final rejection by both governments, the steamship company which brought them over ought to be, and probably will be, obliged to return them at its own expense. Whether avowedly or not, it is difficult to believe that our Government is not a party to the arrangements which makes the appointment of these immigration commissioners necessary, and for whatever is done under it without protest, the responsibility must be shouldered at Ottawa. The operation of the new arrangement will be watched with interest. The agreement ought to have been made, if at all, directly between the two governments.

The so-called Seignorage Bill, which has passed Congress at Washington, may be described as a bill for making two silver dollars out of a dollar's worth of silver, and an alloy of nothing. If it does not attempt quite so much, it comes so near doing so that the difference is less than ten cents