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THE SITUATION.

Now that the tariff enquiry has ended, the business of constructing a new tariff must occupy the Government. Meanwhile the period of necessary suspense is a hindrance to trade. The Government long since proclaimed as its ideal the reduction of the public burthens without injuring the protected interests. If we are to put any faith in the statements made before the Tariff Commission, this will not always, perhaps not often, be possible. It is desirable to save the capital put into industries which, on their natural profits, could not subsist; but if this were done at the expense of the public at large, what would be gained? The capital engaged in a losing enterprise may be kept alive by the extraneous aid of the tariff; but if one capital displaces another in this way, there is no gain in the operation. The incidence of the loss is shifted; loss is not prevented; those responsible for the enterprise are saved harmless, while the purchasers of the commodities, who are not responsible, bear the loss in the increased price they pay.

During the tariff investigation the statement was often made that a duty of 30 to 85 per cent., and sometimes much higher, is necessary to save a particular manufacture from ruin. Suppose the request to retain or put on a duty of 85 per cent. were agreed to, and suppose further that the effect is to raise the price of the home-made article only 25 per cent. over what an imported article of equal value could have been bought for. This would save the capital engaged in the home manufacture, but it would cause the loss of another capital of equal, or more than equal amount. In four years a transfer of capital would have been made equal to the whole cost of goods thus sold in one year. If we knew what proportion this 100 per cent. of extra cost, in four years, bore to the capital embarked in the adventure of producing the goods, we should be able to say how long it would take to replace one capital by another.

The Government, so far from being hostile to manufacturers, has given many signs that it is prepared to deal tenderly with them. But there must obviously be some limit to the redemption by the public of capital engaged in what would, without extraneous aid, be a losing business. The public may, for national or political reasons, be prepared to redeem it once, but not twice or thrice, much less

ten times. It is quite clear that it would not be safe to rely upon these sacrifices being made perpetual.

This is the wrong stage of tariff experiment—it is not development—to think of making a permanent tariff, if indeed a permanent tariff is conceivable in connection with sane statesmanship. We made a high tariff largely for a purpose outside the raising of revenue, and with the distinct understanding that the extra burthen which it imposed on the public should be temporary; the belief was expressed that it would, in a reasonable time, become unnecessary. Some hints have been thrown out that the present tariff might undergo gradual reduction. The experiment was once made, in the United States, the reduction being at the rate of 10 per cent. per annum. This mode of proceeding, though it has something to recommend it, is objectionable on the ground that it would introduce confusion into business, which would be attended by loss, from year to year, on the selling value of the goods on hand.

If the accounts which are published of the fabulous wealth of the coal mines of British Columbia be reliable, as they may be taken to be in the main, the wonder is that they have not been sufficient as a bonus to secure the building of the British Columbia Southern Railway. But the opposition of the Canadian Pacific in the London money market counts for much, in this particular. There is much to be said for the view that the Canadian Government ought to build the Crow's Nest Pass Railway, if it could get these rich coal lands as a bonus. But to get them, it would have to build the whole of the British Columbia Southern. Such an offer, if made, it is clear ought to be seriously considered, since the future value of those lands, as figured out, would greatly exceed the cost of the work.

If the Canadian Pacific is getting control of the charter of the British Columbia Southern Railway, it can only earn the coal lands by building the road; and in that case, the question of Government aid towards construction would seem to point to the wisdom of taking security on these lands. It would be reasonable that the company should possess, in the form of coal mines, its own calorific power, for its own purposes only; but the best thing, in the public interest, would be that the Government should control the greater part of the coal mines, if we could be sure that political influence would never be successful, now or in the future, in giving control of them to private speculation.

With the change of administration at Washington the chances of the Arbitration Treaty being ratified by the Senate have considerably improved. It has been referred back to the Committee on Foreign Relations, and will once more start free from the burthen of amendments with which it had been loaded. Some of them, or others, may be put on again. The personal element of opposition, which was directed against President Cleveland and Mr. Olney, has been removed by the change of rulers.

An English, or as otherwise named, a South African mining syndicate, has entered into an agreement with the Government of Ontario to make extensive explorations for minerals in the Rainy Lake territory and near the north-west corner of the Lake of the Woods. The operations are to be carried on for three years. They have shown their *bona fides* by giving security in \$20,000 that they spend in exploring and prospecting, within certain assigned limits, in the first year, \$80,000; in the second year, \$40,000, and in the third \$50,000. Altogether the deposit forming the security is \$60,000. When the explorations are made the