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THE SITUATION.

To some who are old enough, the commotion over the Crow's Nest Pass Railway will recall the rival contentions for the control of the Toronto and Montreal section of the Grand Trunk, nearly 40 years ago. On one side was the weight of the Government, on the other three or four strong men, who had their eye on the future contract. The contest ended in a compromise. On the Crow's Nest Pass project, the Government may possibly not be a unit; there is room for doubt on this point. The main dispute is over the method in which the work should be done, some contending for Government construction and ownership, and others for the old plan of subsidizing a company. Private ownership, obtained at private cost, no one seems to regard as possible. If it were possible to anyone, it would perhaps be possible to the C.P.R. Another company has a local charter, with enormous privileges in the way of coal and land grants. Having regard to the future, the ownership and control of these rich coal mines is vastly more important than who shall construct the road or even pay for it. Untold mischief has probably been done by the improvident grants of coal mines made by the local Government. These mines ought never to have passed from the hands of the Government; they ought to have remained a heritage for all generations. They might have been leased to individuals on strict conditions, guarding against monopoly, and they might have been made to yield a small royalty.

Whatever else may happen in connection with the Crow's Nest Pass, the Canadian Pacific Railway Company officially declares that it has taken steps to begin the construction of a road from Lethbridge to Nelson, a distance of 325 miles, in the early spring. Whether there be any provisional agreement with the Government as to the conditions on which, if at all, aid will be granted, cannot be told; but whatever the facts are they must before long become public. The official explanation, in the annual report, is that the company expects assistance from the Dominion Government, to what extent, or in what form, is left to conjecture. The expectation, it is reasonable to conclude, rests on some solid foundation. It may be that the company would build the road in any case; but without some sort of understanding with the Government, however loose and incomplete,

ground for the expectation could not be advanced. The rival company, to emphasize its extreme modesty, lets it be known that it would be satisfied if the Government gave it the interest on the cost of the road. In that case, Dr. Milne tells us, the coal lands received by way of grant to the company, would revert to the Crown, to which, according to his logic, they belong. But by whom is the Crown represented—British Columbia or the Dominion? This scheme for giving back the coal lands to British Columbia, while the Dominion pays the interest on the whole cost of the work, is one to which no sensible man could listen.

If the improvident grant of coal lands made by British Columbia is to be carried out, under the renewed charter—that is, if the bill is to become law—it ought to be possible to find capitalists whom this great prize would tempt. But if this is not to be, and there is no hope of the road being built by private capital, what remains? Is reliance to be on the old scheme of bonuses, with public money to build a road which private persons are to own? This plan is already thoroughly discredited. If the ownership is to be private, the public contributions should be in the form of a loan, to be recoverable after a term of years, when the road will be likely to be in a condition to earn a return on its cost. The situation of the alignment is not favorable to Government construction and ownership. Do what we will, the road will be dependent on its connection with the C.P.R. Our experiment in building the Intercolonial Railway decides nothing as to the value of that method. That road was built for political reasons—to bind the provinces together—and because it was certain that it could not, for a long time, be commercially profitable. But it is not desirable to have too many of these unprofitable undertakings: and if we must aid the Crow's Nest Pass road, the aid should be by way of loan secured by a first mortgage.

Happily for the Dominion Government, it is not necessary that it should make an absolute decision between the advocates of specific and of *ad valorem* duties. Most tariffs are a compromise between the two, and contain both forms, often on a single article. The advocates of both, and the opponents of both, have more or less reason in their favor. *Ad valorem* duties, if honestly paid, are the more equitable in their operation; specific duties are more certain in their effects. And it must be remembered that the primary object of all duties is revenue. A singular check on dishonest practices, which *ad valorem* duties make possible, was provided in a commercial treaty between England and France, about a century ago. If the invoice gave rise to doubt, the Government was authorized to take the goods at a fractional margin over the price at which they were offered for entry. But this would hardly do at present.

On the ground that it is unnecessarily harsh and oppressive, President Cleve has vetoed the Immigration Bill, with its unneighborly restriction of the movement of labor at the frontier. The Curless amendment, which most nearly affects Canada, is so loosely drawn that if an alien resident of the United States went several times to Europe and back he might be held to be guilty of a crime. No certain meaning can be attached to the words used. In the case of Canada, Mr. Cleveland sees the impolicy of provoking retaliation, since, though the injury would be reciprocal, the United States citizens would probably lose more by exclusion than Canadians. Anywhere among civilized people the want of comity shown in the vetoed bill would be discreditable, but between kindred people it is, in this era, a special cause of discouragement. More than a cen-