

With the general disposition to increased tariffs in the direction of protection, so noticeable with so many nations at the present period, it is somewhat of a change to observe that Mexico has decided on a fifteen per cent. reduction in her customs duties upon imports. The new tariff went into operation about the first of the month. It will probably result to the advantage of the United States, though Great Britain also commands a very large share of the Mexican trade.

The sub-contracts for the grading of the Red River Valley railway have been let to S. H. Strovel, Egan Bros., and Bryson & Irwin. Work on the grade is now proceeding. Meantime Eastern Canadian journals are keeping up their hostility to the building of the road, and doing their best to destroy the credit of this province abroad, with the hope that it will be found impossible to raise the funds for carrying out the work. The Local Government, however, claim that the funds can be secured, whether or not the bonds are floated. With the powerful backing of the Grand Trunk and the Northern Pacific companies, it is not likely the project will fall through for the lack of funds, as the necessary amount would be a small matter for either of these corporations mentioned to raise. It has been rumored that the Government will refuse Customs facilities to the road if completed, and the *Montreal Gazette*, the organ of the Hon. Thomas White, intimates that this course will be adopted, which certainly gives considerable force to the rumor. It is not likely, however, that such an arbitrary policy would be long tolerated by the people of Canada, even if it be found practical, of which there is grave reason to doubt. It must therefore be regarded more in the nature of a bluff than a policy fairly determined upon. But should the Dominion resort to such questionable measures to destroy the usefulness of the road after it is completed, Manitobans must be prepared to meet and overcome such obstacles with the same resolute determination which has brought about the present phase of the question.

The *Monetary Times* refers to the Deceased Municipalities Bill as follows: "The legislature of Manitoba has passed a law under which the debts of the municipality of Emerson, West Lynne, Morris, Portage la Prairie, Gladstone, Minnedosa, and Rapid City—a formidable list—are scaled down to what these municipalities can afford to pay. Three commissioners are to try to find out what this is. This is the first act of repudiation that has ever discredited a Canadian legislature. Grant that these municipalities, or some of them, are unable to meet their obligations now, that is no reason for repudiating a part of their debts, or for scaling down. If the scaling down be fifty per cent., the Government may guarantee three per cent. interest on the amount, and as it may refuse to do so, the leverage for squeezing the creditors is likely to prove effective. Some of these municipalities will certainly recover from the depressed condition in which they are now, and be able to pay. For this reason, the debts ought to have remained at their original figure; reduction is at once unjustifi-

able and discreditable." In the above the *Times* makes it appear that the bill compels the "scaling down" of municipal liabilities. This is not the case. The Government agrees to guarantee a portion of the debt of an involved municipality only after the municipal authorities have come to an understanding with their creditors. The creditors are not forced to accept any arrangement whatever which they may not be willing to agree to. The most regrettable feature of the bill is seen from the standpoint that it may have the effect of encouraging some of the involved municipalities to be more independent with their creditors, and less anxious to meet their obligations.

MR. VAN HORNE stated not long ago that the reason the Northern Pacific was anxious to get into Winnipeg was to place that company in a position to force the C.P.R. to come to terms on the Puget Sound trade. The Canadian road has been cutting into the Northern Pacific trade on Puget Sound, and according to Mr. Van Horne, all the C.P.R. had to do was to signify that it would cease operations in the Sound, and the latter road would at once withdraw from its prospective Winnipeg business. In other words, the Northern Pacific would not cut on rates to Winnipeg if the C.P.R. would agree to the same propositions regarding Puget Sound business. Mr. Van Horne may be as near the truth in his assertions of the willingness of the Northern Pacific to withdraw from the Winnipeg business, provided the C.P.R. would withdraw from Puget Sound, as he was in making a somewhat similar statement to the shippers of Victoria, B.C. The *Columbian* newspaper of that province says: "It will be remembered that Mr. Van Horne stated when at Victoria lately that overtures had been received from the Northern Pacific railway proposing to withdraw from the British Columbia trade on condition that the C.P.R. people withdrew from the Sound trade. Mr. Oakes, vice-president of the Northern Pacific, writes to the Victoria agent as follows: 'You can assure the shippers of Victoria in the most positive terms that the Northern Pacific railroad company does not contemplate retiring from the business of British Columbia, and has made no overtures such as Mr. Van Horne claims in his interview.'" It will be seen that Mr. Oakes very flatly contradicts Mr. Van Horne. Both men cannot have stated the truth. If Mr. Van Horne be the prevaricator, it is tolerably certain that his statements in regard to the Winnipeg line were of the same nature.

THE agitation against disallowance, and the subsequent movement on the part of the Local Government to build the Red River Valley road, has brought about considerable discussion in Eastern Canada regarding the Hudson's Bay road. Journals which a short time ago opposed the northern route, are now strongly advocating the claims of the road to Hudson's Bay, probably influenced in this course by the idea that Manitobans could be induced to abandon the road to the boundary in favor of the Hudson's Bay road. It will undoubtedly be a source of pleasure to the people of the Northwest to learn that many Eastern journals are now favorable to the construction of the nor-

thern road, but at the same time Manitobans would never think of abandoning the road to the boundary merely upon a few indefinite promises of aid to the Hudson's Bay railway. In reply to THE COMMERCIAL, the *Montreal Herald* hastens to state that it cannot be classed with those journals which formerly failed to recognise the feasibility of the northern route to Britain and Europe. The *Herald* says of this route: "We may have doubted its being a paying commercial route, or disbelieved the statements that were made as to the number of months in the year that it was open to navigation, though the press and public are open to further information even on these points. But, inasmuch as the world is aware that the Hudson's Bay Company have for a great number of years used that route, and have annually sent one or two ships to Fork and Moose factories with the supplies for the Interior, it was not possible for us, or for anyone, to regard the route as purely visionary. Everyone knows that it is navigable for sailing ships, and therefore more easily navigable by steamers during certain months of the year, and these months—be the opinion as to the limitation of time right or wrong—are those in which the rush of immigration usually takes place. Knowing the indisputable, as well as the questionable, capabilities of the route, it is quite possible to think that the time has not come for its use."

AN exchange, in speaking of Commercial Union, argues that it is a step in the direction of free trade, and therefore should be favorably received. This is a remarkable line of argument to pursue. It is simply wonderful how alleged free traders can jump to the extreme of Commercial Union at a single step. If free traders are opposed to the present Customs duties upon imports into Canada on the ground that they are too high, how, in the name of common sense, can they countenance a movement which would result in nearly doubling the duties? The proposed Commercial Union scheme with the United States is the very opposite of free trade, and cannot but clash with true free trade principles in every particular. Commercial Union with the United States would mean the increasing of our tariff to the standard of the United States, which is very much higher than the Canadian tariff. It would, moreover, give the entire control of our fiscal matters into the hands of a people very much more strongly protectionist than ourselves. If our duties are already too high, why double them by adopting a Commercial Union arrangement such as proposed? If fair trade principles are right, as opposed to the policy of protection, how can alleged fair traders approve of a policy opposed in every particular to the very primary principles of free trade and fair trade. It is remarkable that free traders are taking the lead in "booming" the Commercial Union cry, notwithstanding that the movement, if successfully carried out, would result in increasing our tariff from 50 to 100 per cent. That the proposed complete reciprocal trade arrangement is diametrically opposed to free trade principles may be shown from the statement that every increase in the Canadian tariff makes commercial Union