

These are obviously arguments against stock watering. The Pennsylvania Railroad some years ago tried the same experiment recently made by the Canadian Pacific. It issued a block of securities neither at par nor at market price, but about half way between the two. The consequence was a bad slump in the shares. This road is now trying an issue at par. It will be a brave railroad which will float one at market price. There is something to be said for shareholders who have grown with a railroad company. They place their money in an enterprise which often is risking success. The present day value of many railroad shares is due not only to directorial management, but to the financial help of the public. That section of the public has more right to participate than those who wait to see which way a new railroad will fall. The high price of Canadian Pacific shares is largely due to the "rights" which the shareholders anticipate and obtain from time to time. The issue of new securities at a price between par and market value seems to be the best method, when the railroad is strong enough to support market criticism and "bear" attacks.

WILL TAFT FIND TIME?

When the poor youth becomes a millionaire, his hitherto despising friends gather around him. When Western Canada was dubbed a howling wilderness, nobody cared much for Canadian trade. When the Dominion desired to do business it had to seek for markets and generally play the role of Dame Humility Solicitous. In 1868, Canada's total trade was \$57,000,000. This year it was nearly \$262,000,000. With this change in figures came also one in sentiment. Instead of meekly appealing for reciprocity from the United States, Canada is now willing to consider its neighbor's proposals. Germany, unbending, must make the first move for the removal of a Canadian surtax which annoys that country's commerce. In the meantime other countries, particularly the Motherland, have benefited. It is an interesting situation.

President Taft the other day said: "When I think what a number of things Congress ought to do I am staggered lest it may not find time to do them." Into the new United States tariff was introduced a clause to the effect that the proposed maximum duties should not apply to the goods of dependencies, whose only discrimination against the United States was a preference to their mother country. A good man who saw things as they are, inserted the clause. It prevented the necessity of mulcting Canadian exports to the United States with the maximum duties, remembering at the same time the enormous volume of imports to Canada from the United States. Last year the value of our exports across the border was \$92,000,000, while the United States sent to us \$192,000,000 worth of goods. One would have thought that clause was an excellent one for the United States particularly and for both countries generally. When the tariff bill reached the United States Senate, Mr. Aldrich struck out the clause. President Taft, who will be assisted by a tariff board will be able any time after March 31st, 1910, to apply the maximum duties in the case of Canada, if he so desires. We do not think he will fail to see one of the things which ought to be done. Neither will he likely be staggered lest time is not found in which to do it.

The speech of Hon. George P. Graham at Strathroy has been taken in the United States generally as a broad hint. Mr. Graham said there would be no stampede of the government or of the parliament of Canada even if the powers given to President Taft should be exercised to the full. "We will proceed in a dignified manner, finding new markets, and so legislating that the results will be in the interests of Canada, regardless of the

United States." This, thinks a New York critic, is rather a light-minded way of treating the subject. But he considers this complacent philosophy better than displaying a quarrelsome disposition. Complacence frequently comes with prosperity. Do not quarrel with a neighbor when others want your friendship.

That United States commercial interests entirely favor this clause is not apparent. A journal, which voices a large section of United States commercial interests, thinks that country "will find it is playing a losing game and will change its stupid tactics."

The tariff board across the boundary line is already hard at work. The trade treaty between Canada and France was mooted some time ago. It awaits only the final ratification of the Dominion Parliament. In it, the tariff board finds that large concessions are made by France to Canadian products, while Canada reciprocates with favorable treatment. It also discovers that the United States is placed at great disadvantage. Herein perhaps is the first demonstration that if trade cannot easily traverse a boundary line it may just as well go overseas. A Washington correspondent says regarding this: "It is considered here that whatever position we might be disposed to take in overlooking the alleged discrimination against us in the pulp-wood matter, we cannot overlook such an 'undue' discrimination as would result from this treaty. Were we to apply our maximum tariff to Canada, it is interesting to note that the lower rates on lumber, of which so much has been said, would disappear under the influence of the maximum rates, and hides from Canada would be placed on a 25 per cent. basis." Which is sound of war when "Cease firing" would be more tactful and desirable.

All this tariff scratching prevents the participants from obtaining their full share of Canadian trade. Instead of quarrelling with Imperial preference, a quicker way to do business would probably be to recognize that preference and adapt trade accordingly. France will quickly take advantage of the treaty when it comes into force. Great Britain appreciates far more than it did a few years ago the commercial possibilities of Canada. The advisory committee on commercial intelligence attached to the Imperial Board of Trade has made a report regarding the last three or four years of its proceedings. This report at once demonstrates the usefulness and activity of the committee, consisting of well-known commercial representatives and various official nominees, and also the extremely valuable character of the work of the Commercial Intelligence Branch. United States commerce has not failed to recognize this factor in Canadian trade. This British Government department has appointed in Canada a trade commissioner with a corps of local correspondents. Their duty is to inform British trade and commerce of opportunities in the Dominion. The more information sent to headquarters, the more are British and United States trade relations with Canada likely to change.

Germany is losing ground in the Dominion by reason of the much-discussed Canadian surtax on its imports into Canada. No amount of unofficial missionary work in this country will remove that surtax. Official Germany must take the first step. The address of Count Von Bernstoff, the German ambassador to the United States, has been received with approval throughout the Fatherland. The most curious point in connection with recent events in this direction is that missionaries of German trade and politics have sought to influence public opinion on this side of the Atlantic. The feeling in Canada at least is that Germany must first turn its good intentions toward Great Britain. The rest will follow.

Canada, then, is not worrying as to its trade. Those who seek will find. And in the meantime, the Dominion is seeking. Those who wage tariff war will discover a steely armor of prosperous indifference. Canada recognizes its strength, and also a change in the economic situation of North America.

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