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Manager.

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THE SITUATION.

For the first time in the history of British finance two per cent. securities are proposed to be issued by the government. A little more than one hundred and thirty years ago the credit of the government enabled it to borrow at two and a half per cent. But war came, and up went the rate. The one danger is that, in this respect, history may repeat itself. The reduction proposed by Mr. Goschen is to be in two steps; two and three-quarters per cent to be the rate for fifteen years, and two per cent. afterwards, with a guarantee that the securities will not be paid off within twenty years. The guarantee implies a belief in a possible reduction, thirty-five years hence, below two per cent. Only the new three per cents can be treated in this way without the consent of the owners; to induce the holders of the main body of the consols to exchange, Mr. Goschen proposes to offer a temptation in the form of a bonus of five shillings or one-quarter of one per cent. extra. Total conversion on these terms would effect a saving of £1,400,000 per annum. The post-office savings' banks, which pay three per cent. interest, will have to lower the rate if the conversion of consols should be successful. The New York savings' banks pay 3 per cent., but they have not the security of the government, which could borrow at about 2½. Mr. Goschen is working, in the conversion of the debt, on lines drawn by his predecessor in office, though in the reduction of the rate he is going beyond them. Should he succeed, the fact will be due to a lowering of the general rate of interest beyond the point ever previously reached.

In a few days the first shipment of Canadian cotton to China will be made. Three thousand bales will be forwarded by the Hochelaga Cotton Company of Montreal. The cotton is sold, in advance, through if not to, a New York firm, and we must assume that the price, which is reported to be fair, is large enough to cover cost, if not to leave a profit. American manufacturers, report says, are about to forward twenty-five thousand bales to the same market. The great bulk of the

trade of China is in the hands of the British, and the Canadian and American cotton, when it reaches its destination, will have to meet the competition of Manchester. This cotton will have to be sold for less than the market price, in Canada and the United States, by the whole amount of the duty on foreign cotton in these countries. It is stated as a reason why the Canadian shipment can be made, that it will prevent the mill closing this year; but this is not a complete explanation, for it is not to be supposed that the cotton will be produced at a loss. Such a shipment must be regarded as exceptional; for if our cotton companies cannot supply the home market without a high duty, they cannot normally afford to ship their goods and encounter the competition of the world in foreign markets. Is Canada on the point of seeking a sacrifice market abroad for some of her highly protected manufactures?

It would be well if municipalities were prohibited from granting bonuses to manufacturers, whether in the shape of money or of a remission of taxes and we observe with interest that Mr. Balfour has a bill before the Ontario Legislature with this end in view. Toronto is pretty well let alone by the bonus-hunters, and yet she gets more manufactories than other places that pay for the privilege of securing them. The Massey Manufacturing Company, which came here some years ago from Newcastle, asks the city council to grant freedom from taxes, for ten years, to the malleable iron works which it proposes to establish. The petition was sent to a sub-committee, though it would have been better to refuse it on the spot. It comes to this, that the Massey Company wants other manufacturers and the general public, who pay their own taxes, to pay its taxes in addition. A manufacture which does not pay is a waste of effort and capital, and does not deserve exceptional encouragement. If, with the present enormous high duties on iron malleable iron works require for their existence also a remission from municipal taxes, their establishment would be a mistake.

Before the Trusts and "Combines" Committee of the House of Commons, the sugar combination has been a prominent topic. No one denies the right of the wholesale grocers to combine, any more than workmen, or thinks five per cent. on sugar too great a profit. If the combination did not interfere with the rights of third parties, it is safe to say it would escape attack. But when it interferes with the rights of grocers who are not of the guild, and undertakes to dictate to them the way in which they shall do their business, under a penalty for non-compliance, objection comes in. Outside grocers object to pay more for sugar than is paid by the guild. The process to which they are subjected is a boycott, with the alternative of a fine, which some say is heavy enough to make business impossible. The refiners did not succeed in clearing their skirts of complicity with the methods of the grocers' guild, though one of them tried hard. The

fact cannot be got rid of that refiners charge more to outsiders than they charge to the combination. The sugar industry in Canada is the creation of Parliament, by whose favor it lives and breathes; and it is the duty of the creator to see that the creature does not do business in a way to inflict an injury on any portion of the public. There may perhaps be more remedies than one for such a grievance; but a lowering of the sugar duties would probably prove the most effective. The public will not long be content to permit an industry on which the legislature has lavished favors to become its master, and to interfere with the common rights of individual members of society.

As is usual at this time of year, the Ottawa Government is besieged with deputations from persons interested in the carrying trade, asking that the rebates on canal tolls be continued, that all tolls be abolished in Canadian waters from Montreal to Lake Superior, and that the St. Lawrence canals be made the same depth as the Welland. The increasing size of American lake vessels, and the impossibility of small vessels competing with large ones, were dwelt on. The danger of the trade of the North-West going to Buffalo, in the present condition of things, was asserted; but nothing was said about what would become of it when it got there. There is much force in these arguments; and although Mr. Pope did not fully answer the deputations on the instant, it is well known that the deepening of the St. Lawrence canals is only a fiscal question, which pressing demands elsewhere has deferred the solution of. He said that if two millions were voted this year for deepening the canals, the work would be pushed with vigor. He thought that when this work was done vessels would take down grain and bring back coal from the Maritime Provinces. The question of free canals stood alone, he said, and was not without difficulty; for if the canals were made free the lower provinces would demand, as an equivalent, a reduction of tolls on the Intercolonial Railway.

One Thomas Cooper, formerly in the employ of Mr. A. W. Godson, of Toronto, a corporation contractor, has made an affidavit, charging a corporation official with aiding Godson to defraud the city in various ways. Charges coming from dismissed or previous servants are not to be regarded as true until proved to be so; but there is a case for enquiry, and the county judge's services are likely to be called into requisition once more. As some one remarked, "If we go on at this rate, the Toronto corporation will require a judge all to itself." It is a question whether a less expensive method might not be tried. Both Godson and the corporation official deny the charges. After the burnt contract scandal connected with Godson's name, he might fairly have been put on the list of retired city contractors.

Opinion has been slow to declare itself, either in Canada or the United States, against the Fishery Treaty. The first public body to denounce it, in either country,