

ESTABLISHED 1866

THE MONETARY TIMES, TRADE REVIEW

And Insurance Chronicle,

With which has been incorporated the INTERCOLONIAL JOURNAL OF COMMERCE, of Montreal (in 1869), the TRADE REVIEW, of the same city (in 1870), and the TORONTO JOURNAL OF COMMERCE.

Issued every Friday morning.

SUBSCRIPTION—POST PAID:

CANADIAN SUBSCRIBERS	\$2.00 Per Year.
BRITISH "	10s. 6d. Sterling Per Year.
AMERICAN "	\$2.00 United States Currency
SINGLE COPIES	10 Cents.

Book and Job Printing a Specialty.

PUBLISHED BY THE

MONETARY TIMES PRINTING COMPANY OF CANADA, Limited.

EDW. TROUT, President.

ALFRED W. LAW, Sec'y-Treas.

Office: 62 Church St., cor. Court

TELEPHONE 3 { BUSINESS AND EDITORIAL OFFICES, 1892
PRINTING DEPARTMENT, 1485

TORONTO, FRIDAY, MAY 7, 1897.

THE SITUATION.

In spite of overwhelming proof that public opinion favored the Treaty of Arbitration, negotiated by Mr. Olney with Lord Salisbury, the Senate of the United States has rejected it. This was due to the fact that a two-thirds vote was necessary to ratification, and the affirmative side was four votes short of that number. It is perhaps better that the treaty should be rejected than it should have been sanctioned in a mutilated form: the difference is that the responsibility of rejection now rests on the United States, whereas if England had refused to ratify a mutilated form of treaty from which the kernel had been extracted, malice would have been able to say that she had been insincere in proposing a treaty of arbitration at all. Senators appear to have been afraid that the sanctioning of the treaty might have had the appearance of being too friendly to England. Jefferson had no such fear when, October 24th, 1823, he wrote to Monroe: "Great Britain is the nation that can do us the most harm of any one or all on earth; and with her on our side, we need not fear the whole world."

Tariff deputations have continued to flock into Ottawa, during the week, at a pace which made it difficult for the Minister of Finance to accord them all a hearing; but if this was in any case impossible, written statements could be substituted. The tobacco men complain of being hit hard. On the whole, perhaps, no industry will feel the changes so much as that of woolen textiles; in their case the new tariff will often come as the proverbial last straw. Many of the smaller concerns had for some time been in a position from which virtually all hope had fled. Antiquated machinery, inadequate capital, out-of-date methods carried with them the germ of fatality; and a liberal estimate of the permanent survivors is not more than one in ten. The rest had become moribund under a tariff of 50 or 60 per cent. The survival of the fittest, even here, may teach us what are the lines of woolen textiles in which we can make our way. At the first international exhibition, Canadian blankets took the first prize. Here was a hint how to select one line of goods in which we ought to be successful. Halifax tweeds, which flourished in the absence of special tariffs, pointed another road to success. This domestic manufacture, as it was in its primitive state,

has practically disappeared. In the development of local factories, which began by doing customers' work, there have been regrettable features; many of them have unfortunately failed to pass into the modern factory, not having been in a position to take advantage of methods which elsewhere bring success. The survivors will owe their success to their having done so.

Tariff preference remains somewhat clouded, in presence of the most-favored-nation clauses in the treaties with Germany and Belgium, and discussion does not clear the prospect so readily as could be desired. Claims to share the preference with England have been put in on behalf of these two countries, so that the question has, at this early stage, taken a practical form. A claim made on Canada, if a necessary part of the procedure, is not all that requires to be done to bring up the matter in due form. The treaties were made by Great Britain, not by Canada, and to Great Britain complainants must apply. Each of the treaties contains a provision which renders it at any time liable to be denounced by either of the contracting parties, in which case it would terminate at the end of a year. So that there is a way out of the complication, if the conditions become such as to be properly characterized by that name. Both treaties stipulate that the produce of the countries named shall not be subject, in the British colonies, to any higher or other duties than those that are or may be imposed upon articles of British origin, or, the Anglo-German treaty adds, upon the produce of any other country. These are the difficulties to be got over.

Though no one has yet suggested a mode of meeting the objections raised by these two treaty States, a way out of the difficulty ought not to be impossible to find. Our Government has offered a general plan of reciprocity, to which objection is made by two countries; is it not possible to frame a special scheme of reciprocity which will overcome the difficulty? Let us make a list of Canadian articles, the free admission of which into any other country shall give specified privileges in our market. The list can be made to suit the circumstances of the case. We might, as a further condition of reciprocity, require that any country to be entitled to the benefits of this offer should trade with us on a certain scale, though this would not be free from objection, for other reasons. The schedule itself should be relied on, if possible, to meet the difficulty, but if it were found insufficient, a minimum amount of business between the contracting countries might be made a condition of reciprocity. In this way any objection to preference which may be made by treaty nations could be met. There would then be no question of preferring British to German, Belgian, American, or any other goods.

Criticism has fastened upon two resolutions embraced in the tariff policy. The objection is made that the Government should have the power to say when the tariff of any country justifies the application to it of our preferential tariff rates; another objection is that the Governor-in-Council should have the power to punish offending trusts, combinations and associations, and to frustrate by executive action agreements which they make, to the public injury. The subject matter of the first of these objections is one which naturally falls under executive action; the United States Congress has vested the President, in certain analogous cases, with the full power to act in the public interest. In our case, the right to exercise of the power could not be placed elsewhere, without derogating from what is due to a responsible administration, or without abating something of the responsibility which the administration owes to Parliament. The questions that are come under the second