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THE SITUATION.

Australian federation is coming, though its progress is not rapid. If a mere majority vote would secure it, the decision in its favor would already have been made. Victoria, New South Wales, South Australia and Tasmania, on appeal to the electorate, have all given majorities for federation. But the legislature of New South Wales required that the majority to be decisive should be 80,000, while the majority secured was only the difference between 70,990 and 65,619. The Australian provinces, having in view the experience of Canada, did well to require the consent of the several provinces to federation, in advance of the change going into effect. But when the required majority is put at 80,000, it looks as if that limit were intended to act as an oblique veto. Western Australia has yet to vote; one province, Queensland, remains untouched by the present movement. Between Victoria and New South Wales there has long been rivalry for pre-eminence; the latter province, with greater natural resources, has been gaining in the race of riches. A few years ago a majority vote in favor of federation could not have been obtained in the provinces which have now given decisive majorities. The province on which the hope of federation for some time seemed to depend, and which still leads in the race, Victoria, gave 93,473 votes for and only 20,570 against. Times makes for federation. The Japan-Chinese war, the colonial activity of France in Madagascar and elsewhere, the attitude of Russia, and even the late movements of Germany and France in China, all point to the necessity of Australian federation, the cause of which has been advanced by some or all of these things. When Australia sees that the time may come in which her existence will depend on union, federation will be assured. With the experience of the world before her, Australia does well to cling to the sheet anchor of a second Chamber, the constitution of which is, however, one of the difficulties of the arrangement. When, a generation ago, Australia had the choice of one or two Chambers, she wisely clung to the dual form, and seeing the benefit of what she then did, she is not willing to sacrifice it now.

Just before the close of the late session at Ottawa the Government was asked, in Parliament, whether it had any confirmation of the rumor that the contract for a fast

line of Atlantic steamers had failed to obtain public support. The reply was in the negative. From the first the arrangement which the Government made with Petersen, Tate & Co. has been criticized with a vehemence which would have suggested interested opposition, even if the names of the critics had not been guarantee for the fact. From the first failure was predicted and definite failure has been announced time and again. What it all meant was not easy to decide. Once more the same story is told. And still we are in the dark as to the real facts, certain successes in promotion having been announced to Parliament, more than once, and confident assurances given of things to come. For months the engineers' strike served to explain delay, not in building the vessels, which the critics now tell us were not under contract, but as the strike caused a rise of prices it may well have delayed contracts being made. The alleged cause of the failure, then as now, was the inadequacy of the mail subsidy. At the same time it was clear that the firms opposing the Petersen contract were less enterprising than their rivals and were demanding a larger subsidy for an inferior service. The opposition to the Petersen contract was carried to the utmost extent of allowable limits, if not beyond; injury may in this way have been done to an enterprise which deserved to succeed, and which in the absence of the excessive hostility actually displayed, might have succeeded. This contract was used as a leverage by at least one company which had had dealings with the Government of a different kind, to try to extort terms to which it was not entitled, by unwarranted insinuations of bad faith, when its own shortcoming was the cause of all the difficulty it was suffering under. Something definite as the fate of the Petersen contract must soon come, and the sooner the better.

The terms of the Washington protocol for the reference to arbitration have been sanctioned by the British Gov't. In the forthcoming negotiations between Canada and the United States for a settlement of all outstanding difficulties, as well as a reasonable agreement on the trade question, convenience would seem to point to the desirability of two treaties, one political, the other commercial, in that respect following the line of the negotiations of Utrecht in the time of Queen Anne. In any case, special commissioners, with expert knowledge, will have to take the different branches of negotiation in hand. A published letter from Washington states that, in consideration of the attitude understood to be taken by Great Britain in the case of the Philippines, even extreme American protectionists will be willing to make liberal concessions. Here in Canada the Government has been warned, on the floor of the House by a supporter, not to exchange substantial things for sentiment. The remark was made in the interest of protection, and the Premier seemed to agree that this was the right policy to pursue. In matters of tariff a policy of give and take is intelligible. It ought to be possible to preserve the bonding system, in which both countries are interested, from a repetition of the threats of reprisal which have of late years been common. Mutual concessions in privileges of navigation ought, where they would be beneficial, to be attainable. In territorial boundaries the removal of all cause of anxiety is to be found in the ascertainment and mutual recognition of the true limits. In all these lines experts are required. Much will depend upon the spirit in which they enter on their work; and fortunately the disposition to come to a better understanding on all matters which concern Britons and Americans makes the present a favorable time for the contemplated action. Protectionism being a dominant force at Washington will be likely to demand representation on the com-