

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. STER. PER YEAR
AMERICAN	-	\$2.00 U.S. CURRENCY.
SINGLE COPIES,	-	10 CENTS.

BOOK & JOB PRINTING A SPECIALTY.

PUBLISHED BY THE

MONETARY TIMES PRINTING COMPANY OF CANADA, LIMITED.

EDW. TROUT, President. J. K. CAMERON, Secy.-Treas.

OFFICE 70 & 72 CHURCH STREET.
TELEPHONE 1485

TORONTO, CAN., FRIDAY, AUG. 27, 1892.

THE SITUATION.

On learning that the Canadian Government had decided to continue the rebate on Welland Canal tolls during the remainder of the season, and not to renew it next season, President Harrison issued his proclamation to levy a toll of 20 cents per ton on all Canadian freight passing through the St. Mary's Canal, to take effect September 1. Under the law of Congress the President had no option; finding that there was a discrimination in Canadian tolls against American commerce, his duty was to put the law into force. Under the circumstances, there is no reason for surprise. The President had a wide latitude in the penalty he would inflict; he might make the tolls \$2 a ton, or he might exclude Canadian commerce from the St. Mary's Canal altogether. What he has done is to levy a duty of 20 cents a ton. But this does not put an end to further efforts to bring about an accommodation. Secretary Foster, in a letter to the British Charge des Affaires at Washington, says that, after the issue of the proclamation, negotiations could proceed "under parity of conditions."

If we may believe the newspaper accounts, the American Government will insist that freedom of the Welland Canal to American commerce shall be made the condition on which like freedom shall be granted to Canadians in the St. Mary's. This would be to substitute a new clause for the one abrogated in the Treaty of Washington, and one greatly to the advantage of our neighbors. The Administration which preceded that of Mr. Harrison assumed that, owing to its own action, the United States had forfeited the right to use our canals; and an official report made last winter, at Washington, admitted that it was now using them only on sufferance. By the present proclamation, another equivalent of the Treaty of Washington is taken from Canada. Can it be possible that this deprivation is to be made the

ground for obtaining for the United States the free use of the Welland Canal? We do not permit our own people to use it without paying tolls; if we are to make it free, we cannot begin by granting freedom to the Americans. To exchange the freedom of the Welland for that of the St. Mary's Canal would be to give a mackerel for a sprat. There is no semblance of parity between the two; one is a long canal, constructed at enormous cost, the other a short canal, with a single lock and of small relative cost.

One thing the Canadian Government ought to have known, if it did not, that the retaliation law passed by Congress was mandatory, and that it did not leave the President at liberty to make or accept conditions. This view we stated at first, when the bill was before Congress. In deciding that the rebate should continue during the present season, our Government, in effect, decided to let retaliation take its course. If this was the intention, the policy of the move must stand or fall on its merits. If there was an impression that the condition made as to the time for abolishing the rebate would be accepted, there were no valid grounds for the reliance. But the object is one in which self-delusion seemed rife. The carrying interests of Montreal are said to have hugged this delusion, and holding this view they may have done what they could to influence the Government in that direction. In this case they must share with the Government the moral responsibility of the failure of the condition imposed.

One effect of the canal tolls dispute with the United States is that the Canadian Government will make a supreme effort to complete its own St. Mary's canal by the first of July next. For this purpose an extra force will be put on the work, which will not be suspended even during winter. This is well; but it is useless for either country to expect to render itself entirely independent of the other. The physical means of commercial independence have all along been seen by Canada to be desirable. This was first evinced in the construction of the Rideau Canal. It was reasserted when we built the Intercolonial Railway, and again when we undertook that, for a population of five millions, colossal work, the Canadian Pacific. These physical aids to commercial independence are praiseworthy, but they cannot confer absolute commercial independence. Commercial interdependence, which would make all nations in some respects one, is the true law of commercial development, any departure from which is a disadvantage even for the nation that specially promotes it.

One of the questions to which the canal tolls complication gives rise is whether the Canadian Government ought to refund the tolls which Canadians will have to pay during the rest of the season, on the St. Mary's Canal. If there is an implied obligation to do so, it is not perfect or absolute. The rebate was made at the special request of the St. Lawrence forwarders; the Government hesitated an unusually long time before acceding to their request.

When at length resolved to grant the rebate asked, did the Government come under an implied obligation to continue it during the whole season? The time mentioned was the season of navigation; if the Government continued the rebate during that time, would it fulfil its obligation towards the forwarders? Another government imposes tolls on the St. Mary's Canal; is ours in any way bound to repay them to those by whom the advance is made? This is a separate question; and must be decided not on moral but on public grounds, for the moral obligation is by no means clear.

Great Britain has taken special care not to be caught napping at the Monetary Conference. The individual opinion of the delegates appointed is of no consequence, seeing that their instructions prevent their agreeing to any radical change without the consent of the Government. In this state of matters no additional delegates are likely to be appointed. The present state of the silver question is extremely embarrassing to British interests in India; but even there some disposition to seek relief in a gold standard exists, though whether it is likely to be the means of bringing about the change may well be doubted. The United States begins to see that the Monetary Conference is not going to remonetize silver, and it may well doubt whether it is worth while to go on with it. Some conclusion, if only negative, would be sure to be reached; and if the leading nations once more refuse to remonetize silver, the hope that this end would ever be attained would be effectually extinguished. It looks as if the silver advocates had something to lose and nothing to gain by the Conference.

Silver, like everything else, is yielding to the inexorable law of supply and demand. Some silver mines, not in the highest scale of production, are no longer profitable to work. In Germany this is happening to the Freiberg mines, to drain which a tunnel thirty miles long was begun thirty-three years ago; work on this tunnel has now ceased in consequence. For nearly seven centuries these mines have been worked, during which time they have produced 50,000,000 marks worth of silver. This production is slow work compared with what now takes place in the United States. The modern facility of producing silver is one of the causes of its decline in price. The effect is to throw the less productive mines into inactivity. In this way one cause of competition disappears, but it is on a par with the disappearance of the domestic spinning wheel. So long as modern methods, operating on productive mines, give products such as are now obtained in the best silver mines, the price of the product must continue low.

An outline of what purports to be the Irish Home Rule bill comes by cable. On two points it is conservative: The royal veto is to be retained, and the present land legislation is not to be disturbed for five years. There will be a breathing spell before any attempt at land confiscation can be made; and if, after five years, it should be made, the English Government will be armed with