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TORONTO, FRIDAY, APRIL 9, 1897.

THE SITUATION.

Any lingering hope that the trade relations of Canada and the United States would be placed on a more liberal footing departed with the passage through the House of Representatives of the Dingley tariff bill. The Senate may make amendments to the bill, but its essentially exclusive character is not likely to be changed. Canada, on her part, was prepared to reciprocate commercial advantages, if the opportunity had offered, but this having been put out of the question, she has to consider what line of policy she will pursue under the circumstances. The fatal opinion seems to prevail at Washington that Canada can be coerced commercially, and even politically, if pressure be only brought to bear upon her through the tariff. This notion is wholly fallacious, as very little consideration ought to suffice to convince any one that coercion is the weapon, of all others, least likely to succeed with a young and vigorous country situated as Canada is.

The timber section of the Dingley bill contains a direct menace of retaliation against Canada. It is put in such a way as to make it difficult, if not impossible, for Canada not to accept the challenge; it brings us face to face with a hostile commercial policy at Washington. Canada will not wrangle over the measure; she will simply take her own independent course, in vindication of her right to a policy of her own. There is only one course left open to her, and that is to make closer commercial relations with the country with which she has the strongest ties. We have hitherto dealt on the most liberal terms with the United States. Our free list contains in large degree American products. The United States sends to Canada free goods of twice the value of those sent her by all other countries. Our liberality has not been reciprocated. There has apparently been an expectation in the Republic that we might be induced to discriminate in its favor and against the country to which we owe protection, and which admits free almost everything we produce. We cannot, in reason or equity, be expected to deal on such terms. Challenged to discriminate, we may do so; but, if we do, the discrimination will at least not be a mark of unfairness or ingratitude. It will run on national lines, and accord with national interests.

Canada is being reluctantly, in fact very much against her will, forced into a play of cross-tariff with the United States, which, whatever the ultimate result, will in the meantime injure both countries. The feeling grows that tariff reciprocity is the only way, if there be one at all, to bring the United States to reason. The Dingley tariff, as it passed the House of Representatives, puts the coal duty at 75 cents per ton. Canadian coal producers call on the Government to reciprocate this duty, and they have got an assurance from the Minister of Finance that if the American tariff bill, when it becomes law, shall be found to contain a high rate of duty on coal, then Canada will put a duty on anthracite as well as on bituminous coal. The prospect is not one to which the consumer of coal looks forward with pleasure; but distasteful as such a duty is, the policy of imposing it will, under the circumstances, meet a wide, though not general, welcome.

A deputation of lumbermen asks the Government to prohibit the exportation of pine saw logs and pulp-wood logs to any country that may put a higher duty than \$1 per 1,000 feet on white pine lumber; and that on the lumber of any country entering Canada the same duties be imposed as such country puts on Canadian lumber. Here are two distinct proposals, widely different in their character. The former might well receive acceptance, while the latter is rejected. Our prairie farmers will not consent to have any lumber they may import taxed in this way. The prohibition of the export of pulp-wood would mark an abnormal condition and tend to precipitate a crisis which we have official notice would follow. It means a war of tariffs, which would harass the combatants and might make them willing in the end to agree to reasonable terms of peace. From the reply of Mr. Fielding, it would appear that the treatment of the export of pulp-wood logs will depend upon the form of the Dingley tariff bill when it becomes law. Though that event may not come before the 1st July, we shall probably know long before that date what the United States Senate is likely to do in the premises.

Mr. George West, the millionaire paper maker, of Ballston, N.Y., credits Speaker Reed and Mr. Dingley with the desire to see a higher duty put on timber in order to raise the price of this product of the forests of Maine. He gives, as the reason why American paper is cheaper than English, the fact that American makers get their material from the forest. This wood for the most part, he admits, comes from Canada, and he predicts that when it is shut out by a high duty, the price of American paper will go up. He is opposed to the increase of the duty on wood, but does not seem to be hopeful of preventing it.

There are no present indications that the Senate of the United States will consent to make the tariff bill retroactive. The present tariff will not be repealed until the new tariff goes into effect, and there cannot be two conflicting laws on the same subject at the same time. This is the practical difficulty, and it is not likely that the Senate will consent to encounter it. The friends of the retroactive clause contend that it would stand the scrutiny of the Supreme Court; but no one seems to expect that when the tariff bill becomes law it will contain this clause. The real object of the House in inserting the amendment was to frighten importers from increasing their stocks from abroad till the higher rate of duties become operative.

A resolution has made its appearance in Congress, looking to the abolition of the bonding clause of the Treaty of Washington, in virtue of which goods destined for either country pass, in bond, through the other. This