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 Manager.

TORONTO, CAN., FRIDAY, JUNE 22, 1888

THE SITUATION.

There is satisfaction in learning that the *modus vivendi* is not likely to be a dead letter. Licenses are being freely taken out by American fishermen, and it is to be hoped that misunderstandings and occasions of collision will be few. Some outrages, in the form of the wanton destruction of the nets of Nova Scotia fishermen on their own coast, were attributed to American rivals. The eight Canadian cruisers in the Maritime Province waters will do much towards keeping things straight, and the American Government vessels may be expected this season to render useful services as they did last year. Our cruisers will no doubt avoid doing anything to produce unnecessary irritation. There will probably be, as usual, some infractions of the law, and consequent captures, fines, etc. But on the whole, we may expect a peaceable season in the Maritime Province fisheries. An announcement has been made, by Sir James Fergusson, regarding the Alaska fishery troubles. The three British vessels seized in 1886 have been restored to their owners, and proceedings are in progress regarding those seized last year; but the time for restoring them, if they are to be restored, does not appear to have come.

A new ice-breaking vessel, to ply between Prince Edward Island and the mainland, has been ordered by the Canadian Government. To Wm. Elder & Son, of Glasgow, the contract has been given. She will be built entirely of steel, and fitted with triple expansion engines. The speed, when there is no ice to be crushed through we must suppose, is to be fifteen miles an hour. We trust the islanders will now be convinced that the federal authorities will do everything possible to secure connection with the mainland in winter. Some things are not possible, from a practical point of view, and among them is a tunnel under the Strait of Northumberland. The engineering difficulty might be got over, but assuredly the game would not be worth the candle.

A Louisville expert is given as authority for the statement that the gas well at Col-

lingwood is capable of supplying 2,000,000 feet per day. A similar strike at another point was announced a few days ago, and at a third place a deep boring ended in failure. Interest in this new economic feature has been aroused, and the stored gas waiting in the bowels of the earth to be used is not likely much longer to conceal the secret of its existence. But it will be well to bear in mind that boring for natural gas, unless pursued with some knowledge of the conditions of success, is likely to bring disappointment.

The guess about what the average bids for the new Canadian loan would be was very near the truth. This first colonial three per cent. loan has brought bids for three times the amount wanted, and at an average of £95 ls. The result must be regarded as satisfactory. It cannot fail to suggest the idea of re-funding, where practicable, portions of the debt which bear a higher rate of interest. The tendency to a lowering of the rate of interest has been constant now for several years. The credit of Great Britain was never, perhaps, quite so high as at present; but it seems to be forgotten that more than a century ago the Government did borrow at 2½ per cent. So long as peace continues, there will be no turn in the tide, and there may be even a little further reduction in the rate. But the breaking out of a great European war, certainly not an impossible event, would change everything, even for the nations not engaged in it. It is a question between production and expenditure; and everything depends upon which is to outrun the other for any considerable length of time.

Mr. Goschen, Chancellor of the Exchequer, attributes the favorable terms on which the Canadian loan has been taken to the conversion of the English debt. This may have been the immediate cause, but underlying it is the fact of a decline in the rate of interest which made conversion possible. The fact that Canada can float a three per cent. loan nearly at par is a conclusive reason why the Government savings banks should not allow more than three per cent. interest. Deposits payable on demand or at short notice are not worth as much as money borrowed for a term of years; and it is doubtful whether it would be possible to allow more than three per cent. on deposits without paying more than the market rate. Three and a quarter would certainly be too high, and there is no fraction above three that would form a practicable figure. Colonial securities are not to be placed on a new footing by the British Parliament authorizing trustees to invest in them. The Chancellor of the Exchequer does not object to colonial securities being included in trusts, but he saw an insuperable difficulty in Parliament authorizing investments which devisees had not contemplated. And so the motion for Parliament to extend this authority to trustees was dropped.

The Emperor William of Germany has created uneasiness in some parts of Europe by the tone of the addresses to the army

and navy, by which he signalized his accession to the throne. But allowance must be made for the ardor of youth, and it must not be hastily assumed, on slight evidence, that he is bent on convulsing Europe with war. The interest of Germany is peace, and the German people are not likely to encourage their sovereign to rush needlessly into war. Bismarck, the strongest statesman of the Empire, is for peace. The young emperor has before him the policy and example of his father and grandfather; and if all these restraining influences do not keep him within the bounds of reason and moderation, his military ardor will get the better of his judgment. History is full of examples which warn us not to judge a ruler by the first act or expressions of his official existence; and there is really nothing in Emperor William's addresses to the army and the navy that commits him to any line of action in derogation of his duty as a peaceful ruler.

Compensation for the Jesuits estates, in lieu of restoration, is a financial and administrative marvel, in these days. Yet this is what is proposed by the Government of Quebec: \$400,000 to be paid to the Jesuits and \$60,000 to Protestant educational institutions. The latter sums to be allotted by the Council of Public Instruction, bears an unpleasant resemblance to hush money. About the time of the conquest of Canada the order of Jesuits was suppressed by the Pope, and in the second decade of the century the last surviving Jesuit in this country died. The property of the religious communities was not guaranteed by the treaty of Paris. The Jesuits of to-day have no right whatever to this property; and it is not long since the Cardinal-Archbishop refused to sanction an appeal to Rome for restoration or compensation. The Jesuits are the mortal enemies of the university of Laval, and will, if they get the Pope's sanction, set up an opposition institution, at Montreal, on the strength of this \$400,000. Hitherto the Pope's permission has been repeatedly refused. It remains to be seen whether Leo X. will grant what Pius IX. persistently refused. The finances of Quebec are in no condition to warrant largesses of so questionable a kind as those now proposed.

Since the Grand Trunk railway broke with the Allan Steamship Company, it has been doing business with casual ocean vessels, to which the unsavory name of "tramps" is given. Sir Henry Tyler says the company has done well with them. Their owners admit, however, that a far more economical kind of vessel could now be built, and they have proposed to build five steamers with triple expansion engines, to run twelve knots an hour, and capable of carrying about 5,000 tons each, provided the Grand Trunk will find or guarantee debentures for construction. At the recent meeting Sir Henry gently broke the proposal to the shareholders. He admitted that there was something tempting in the offer, as it would put the company in a better position to control the ocean traffic; but he promised that no contract would be