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## THE SITUATION.

Some uneasiness is felt in the United States over the \$346,600,000 of greenbacks, with a gold reserve of \$100,000,000, which bears the proportion of only 22 per cent. to the notes. The strength of the banks is greatly impaired by the habit of holding one-half of their cash reserve in greenbacks. The Government reserve is reduced to \$2,000,000 in excess of the legal requirement. The continuance of the drain of gold would soon pull down the Treasury reserve of \$100,000,000, and the day might come when the means of converting the greenbacks would have vanished. The situation is full of danger, and a change of policy is already urgent.

Mr. McCarthy has fired off his tariff resolution, in a speech of sufficient length, and the effect must be sought, not in the vote, but on public opinion. Whatever may be the personal motives of Mr. McCarthy in his contention that Protection has had a fair chance to show what it can do, and should henceforth cease, he has aimed to wield a popular weapon, and his speech, in spite of blemishes, will help to call attention to a side of the question which has previously been dwelt upon solely by his opponents. His deliverance is quite as good as could have been expected from a lawyer who is not thoroughly familiar with his subject. The tariff cannot be reformed in the wholesale way which he suggests, and without a great deal of consideration of details. The strength of his case lies in the fact that public opinion tends more or less strongly in the direction to which he points. It would be a mistake to conclude that an answer to his demand is furnished by pointing out errors here and there, into which it was inevitable he should be betrayed, in the absence of a complete mastery of the subject; the curve turned, from the Protectionist standpoint, is so sharp,

that it was almost impossible not occasionally to get off the track. The speech delivered to the House was intended for the country, and there, in spite of the attempts to belittle it, its influence will not be unfelt.

Shippers of Canadian cattle are complaining of the high rates of freight charged on the Canadian route, and are turning to the Government for help, though it is difficult to see how it is to come. The ship-owners reply that restrictions as to space and costly fixtures add to the rates; but the high rates, the rejoinder comes, existed before the restrictions were in force. Are not the shippers standing in their own light? The cattle trade may be killed or diverted by excessive freights; it can never be built up or extended by such means. In fact, the Canadian cattle trade has been sorely discouraged by excessive freights, which give American competitors, other things being equal, a clear advantage. Mr. Cargill, M.P., proposes to mend matters by an export bounty on cattle to equalize freight. The remedy is clearly inadmissible. If the ship-owners are charging too much, as they appear to be, the bounty would in effect go into their pockets, while it would appear to go into that of the farmer. If the latter is wise, he will refuse any protection offered to him, that he may not have to bear the burthen of protection for the benefit of others.

Ratification of the treaty with France, Mr. Foster has announced, will not be asked from the Canadian Parliament this session. This was what he was understood to say at first, but he has since explained that he did not announce postponement till next session. Whence this hitch? It appears that it is in some way connected with the wine duties. Precaution was not taken to guard against the admission, under the treaty, of spurious French wines; and it is now discovered that these mixtures might displace our own native wines, which, whatever their merits or defects, are, at least, made from good sound grapes. Perhaps a correct reading of the treaty would exclude spurious wines; but the exception is not clearly marked, and could only be by inference which might not be admitted on the part of France. It is clear that not to make the distinction was an oversight of the negotiators, which may prove difficult to correct; it would have been much easier to make the proper distinction when the negotiations were in progress. It is much to be regretted that there should be a year's delay in giving effect to the treaty, if its existence be not endangered, which is by no means certain. Apart from the error in regard to spurious wines, it is clear that the treaty would be beneficial to both countries; and it is disappointing to be told that the anticipated advantages of the compact are not to be realized for a year, if at all.

From the wine producers of Ontario a strong protest against the French treaty is being made. The development of this industry is capable of great extension, and unreasonable obstacles in its way would

greatly retard its progress, if they did not kill it at a critical moment. Doubtless the wine made here is not all as good as some made in France, but it is a great deal more wholesome than the spurious wines, fabricated in Paris, and against which French chemists of repute have been protesting for years. These made up "wines" contain noxious ingredients from the laboratory, capable of producing much injury to health and even of producing certain specific diseases. The municipal chemists of Paris have told the whole story, that the thirsty world may profit thereby. These so-called wines not being specifically excluded by the treaty, would be the first to profit by the reduction of duties; because with them the duty bears disproportionately to the price. Let the sound clarets have the field of competition against our native wines; if this were done, no reasonable objection to the treaty could be made.

A temporary agreement between England and Russia, to regulate sealing in the Russian side of Behring sea, has been made. British vessels, including Canadian, will not be permitted to catch seals within thirty miles of the breeding island or ten miles of the main coast. These distances are apparently not regarded by our sealers as unreasonable; but the difficulty will be to know when a vessel is thirty miles from an island or ten miles from the main land. The captured Canadian vessels, the sealers allege, were safely outside these limits. If this were admitted by Russia, the present agreement would be equivalent to an admission that the captures ought not to have been made. This compact with Russia fails to support the American pretence that the capture of seals of American origin, anywhere in the sea, is a violation of the national property of the United States. The fact that, by the Russian agreement, sealing may be carried on by British vessels ten miles from the main land and thirty from the breeding islands, settles the question of pelagic sealing, so far as Russia is concerned. It was plain from the first that the American contention could not be maintained. Russia is not disposed to make a present of anything properly hers, nor is she desirous to do anything that might weaken the American case before the arbitrators.

Newfoundland is doing its best to block the arbitration with France on the question of the treaties that affect the island. The question came up in the legislature on the report of a committee. Last year the delegates sent to England agreed that the legislature of the island should pass a bill to enable the arbitration to go into effect with the consent of the island. Of that delegation Sir Wm. Whiteway was a member, and he contends that he and the other delegates had authority to make this agreement. This Mr. Bond, Colonial Secretary and fire-eater in general, denies. He objects, it seems, to a measure to enforce Imperial treaties. The Opposition leader struck hands with Mr. Bond, and the Premier was left in a hopeless minority, the vote in favor of the report being 18 against. However distasteful to Newfoundland,