

extent of \$90,000 for laying mains, is one that may fairly be accepted again as to the mains already laid. We quote the statute on this point:—

Where any city having a population in excess of 50,000 shall have constructed water-works, it shall be lawful for the Council to raise on the credit of the corporation such further sums as may be necessary to extend or improve the said works, and it shall not be necessary to obtain the assent of the electors to such by-laws.

Provided the same shall first be approved of by the Lieut.-Governor-in-Council, it being first shown to the satisfaction of the Lieut.-Governor-in-Council that the proposed extensions are necessary and that a sufficient additional revenue will be derived therefrom to meet the annual special rate required to pay the new debt and interest.

And provided also that on the final passing of such by-law three-fourths of all the members of the Council shall vote in favor of the same.

This clause gives the Council power to borrow money without the consent of the people, "to extend and improve the works." It covers not only the extension of mains, but could be made to cover the putting in of new pumping engines as well, provided only that it can be shown that a revenue of ten per cent. will be secured from the outlay thereon.

The state of the Water-Works construction account, in which all construction items have, it seems, with little reason been massed, stands approximately in this condition:

Surplus of 1889 By-law	\$131,000
Unpaid contractor for conduit pipe (unearned)	70,000
	\$201,000
Mains in excess of those for which money was provided	\$110,000
Larrat Smith property	42,000
Coal house	8,000
Extension of the 6-ft. conduit pipe into lake to depth of 66 ft. of water	12,000
Meters	25,000
Cash on hand	4,000
	\$201,000

Possibly authority can be obtained to use the surplus of the by-law of the year 1889 in payment of general items, and the Lieutenant-Governor-in-Council will grant a by-law for \$110,000, as he would, perhaps, be obliged to do, as all mains are laid only on the assurance of the superintendent that they will yield a revenue of ten per cent. This percentage operates as a sinking fund, ultimately, and with ever-increasing force as more water-takers tap the same main, to wipe out the debenture debt floated for laying the mains. In this event the Water-Works Department will have more than enough money to complete and pay for all contracts executed or executory.

It should be remembered that the Water-Works Department of Toronto is not only self-sustaining, but is a large revenue-producing institution, administered by the Council for the benefit of the people. The annual revenue meets the current working expenses, and also the interest and sinking fund on the whole of the water-works debenture debt, and, in addition thereto, shows an annual profit, which, during the four years, 1886 to 1889, inclusive, has enabled the committee on water-works to contribute to the city exchequer a surplus of \$240,072, which has been applied to the reduction of taxation for general civic pur-

poses. A substantial reduction in water rates has been made during the same period, and another still larger reduction is in contemplation. Further, the Water-Works Department has about matured a scheme by which the price of water is to be reduced fifty per cent., and the interest on the debenture debt made a charge against the city general rate.

We are of the opinion that the ratepayers did wrong in voting down the by-law, and feel that if they were thoroughly aware of all the facts, the principal of which we have here stated, the result might be different. But it is true that a very large amount of land, mostly vacant, is being held by speculators, who do not wish to pay any more taxes than they can help, no matter what consequences may follow. The difficult part of the whole question to understand is the apathy of the public, as evidenced by the small vote on the by-law.

ENGLISH VIEWS OF THE MCKINLEY TARIFF.

From the English press the McKinley tariff has evoked suggestions as to what Canada might do for her own benefit and that of the Empire under the circumstances. From several quarters comes the suggestion that Canada should begin to deal in a spirit of reciprocity with Great Britain. This is to be done by lowering of duties on British goods, in return for the freedom which that country accords to the whole world. The *Pall Mall Gazette* mentions, rather than suggests, a "Customs Union for the British Empire," as an arrangement that "would countervail effectively enough the American corner." But it has, apparently, misgivings about such a step. Free Traders would object, and so would the Australian colonies. "But right or wrong," concludes the *Gazette*, it does not venture to say which it would be, a British Empire customs union "is well worth consideration, because it is sure to be pressed some day, and because it is the only scheme whereby Canada could be defended against such injuries as she will suffer from the McKinley bill." The *Echo* qualifies "the idea of a commercial solidarity between the various members of the British Empire as 'magnificent,' and thinks that if such a combination were formed, the United States would fall in with it. That journal expresses the opinion that "a community of commercial policy and Imperial solidarity between the Dominion, the Australian colonies, New Zealand and the Cape" deserves more attention than is now bestowed on it in Great Britain. The *St. James's Gazette* declares "any attempt on the part of the Dominion to enter into closer relations with Great Britain should receive hearty encouragement"—in what form we are left to conjecture. The *Daily Telegraph* contents itself with suggesting the possibility of the increased restrictions imposed by the United States turning the attention of Canadians "to the advisability of adopting a reciprocity system with Great Britain." It does not say in what such reciprocity should consist. The mere lowering of Canadian duties on

English goods would be only one half of a system of reciprocity. England, on her part, has no duties on our produce to lower; and the only way she could reciprocate so as to give Canada an advantage would be by discrimination. This, the *Times* confesses, is not on the cards, retaliation being out of the question, and not only retaliation, but any steps having consciously in view the purchase of a diminished quantity of produce from the United States. It believes that diminished purchases there will be one of the results of the new American tariff, but that it will come about in the natural operation of economic laws. The *Morning Post* distinctly admits that reciprocity between Canada and Great Britain is impossible, "as long as the Cobdenite spell prevails over the economic system" of England. That spell is not likely to be broken for some time, though there is a tendency to raise the question of the commercial solidarity of the Empire, which is of recent growth; its expression is vague and misty, and when you listen to it you cannot be sure that there is anything like a purpose behind the words.

Canada is advised by the London *Times* to embrace Free Trade, beginning with England, in other words, to discriminate against the United States, as a means of relief from the injury which the new American tariff will inflict. To act upon this advice might bring some relief to persons not interested in Canadian manufactures, but at too serious a cost to others who, under the sanction of law, have gone into manufacturing. It is true that the tariff was often modified at the suggestion of persons who hoped to profit by it, and they would not be in a position to complain if it were changed in the general interest. But all things considered, it would not be reasonable all at once to expose our manufactures to the competition of absolute Free Trade with a country possessing unparalleled facilities of production in the lines which we are, by doubtful methods, trying to build up. The suggestion of the *Times* is an imperfect counterpart of the proposal of an exclusive and discriminating Free Trade with the United States. The difference is, from the economical standpoint, rather in favor of Commercial Union, because from it we should get some equivalent, though by no means complete, from the United States, while from England we should get nothing that we do not already possess. And if we were to discriminate against the United States, means of retaliation in some form would be found. We have gone to unwise lengths in the policy of Protection, and it is time to begin a retreat, but we can only retreat by slow marches. That even this will be done, at present, we confess we have no faith.

If the expressions of the English press in favor of reciprocity with Canada have any meaning, they point, in a halting way, to a modified revival of the old discarded colonial system of equivalents. Is such revival probable? One thing and only one thing might bring it about: absolute prohibition or a non-intercourse decree by the United States. This might make England willing to consent to go back to a system