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THE SITUATION.

A new license question has arisen. The Ontario Government requires brewers and distillers to take out licenses and pay therefor each \$250; it is said that they object to the demand and intend to raise a constitutional question. The Ontario Government can tax the brewers and distillers no doubt; can it require them to take out a license to do business which is not confined to one province?

Toronto has passed a by-law to exempt from municipal taxation, plant, tools and machinery used in manufactures, for a period of ten years to count from January 1st, 1893. This is in fact an indiscriminate bonus, and is probably intended as a set-off to money bonuses given by other municipalities to manufacturers. Toronto does not need bolstering up by props of this kind; the new exemption is one that cannot be justified on economic or municipal grounds.

The city of Montreal is seeking a charter from the legislature, with power, among other things, to tax bank and financial shares, one per cent., to tax merchants' stocks, and even household furniture and effects. These provisions naturally excite opposition, and Treasurer Hall has consented to consider the objections urged by a deputation of bankers and citizens.

Mr. Hall, the new Treasurer of Quebec, has reached a conclusion which, though inevitable in the long run, all his official predecessors have been anxious to miss. Finding himself face to face with a deficit which requires increase of a million in the revenue, he recognizes that on him lies the duty of finding the means within the province of restoring the balance. Hitherto, the habit of both parties has been to look to the Dominion Treasury for help, on various pretexts, more or less dishonest, and all of them untenable in reason and

equity. An increased subsidy given to one province implied a tax on another. Direct taxation was the spectre that frightened every Provincial Treasurer, on account of its unpopularity. At last, at whatever risk, it has to be faced. Drafts on Ottawa can no longer be honored, and there is no other resource but that provided by the constitution. Mr. Hall meets the difficulty of the situation, which is not of his creating, heroically. His resolution to rely on provincial resources is the only one open to him, the only one which reason and equity suggest. Hitherto there has been no proper sense of provincial responsibility; begging and borrowing have been the two means of floating along, and the time has come when begging is impossible and borrowing without providing means of paying the interest can no longer be resorted to.

Quebec has a total debt of \$35,849,000; but against this there are assets of \$11,561,000, which reduce it to \$24,288,000, a heavy load for a province rich in latent possibilities but limited in available means of annual payment. In four years \$12,898,871 has been added to the debt, a lightning rate of speed which if continued would have led to ruin. A reduction of no less than \$431,621 is to be made in the ordinary annual expenditure. This necessitates the laying of the pruning knife to every department: legislation, civil government, the administration of justice, education, agriculture, colonization and immigration, ordinary public works will feel the pinch; even lunatic asylums and charities are to be cut down to the extent of \$67,087. There is an enormous expenditure, elsewhere than in Quebec, for charities, largely from private sources, and the question will one day be asked, nay, is already asked, whether we are not going too fast in this particular. The new taxes, whatever they may be, which are necessary to cover the deficit, will be unwelcome, and it will be strange if they do not make unpopular the men who by imposing them provide the means of saving the province from ruin.

Canada and Newfoundland are about to resume their normal relations. The Governor of the island has notified the Government of Canada of the acceptance of the *modus vivendi* proposed by Canada, and a return to the state of things which existed in 1889. The only effect of the quarrel was to inflict mutual injury; the folly of the misunderstanding is now happily recognized and brought to an end. Newfoundland fish will again enter Canada free of duty, and Canadian flour will again find its way to the island. The difference being over, should now be forgotten, that the cordiality of the mutual intercourse may be fully restored.

Senator Morrill's report on the trade of the United States with Canada, as the result of the enquiry made by himself and Senator McPherson, is being criticised in the American press as showing strong prejudice against Canada and not being in accord with the evidence. He pretends to have discovered that all the duties imposed

on Canadian goods sent to the United States are borne by Canada. Even Senator McPherson dissents from the conclusions which his colleague draws as not fairly deducible from the evidence. The Philadelphia *Record* replies: "The indisputable returns of trade show that the price of Canadian barley has been twenty per cent. higher since the McKinley tariff went into effect, and that the Oswego maltsters have paid every cent of the duty on their importations. As a consequence the use of Canadian barley in the States has fallen off more than half, and American brewers have resorted to the use of cheap substitutes, including glucose and rice." A good deal of the evidence taken went to show that wages in Canada and the States were, in some trades, on about the same level, though Senator Morrill does not hesitate to report that they are invariably higher in the Republic. But he admits that almost everything which the consumer has to buy is dearer there; so that the laborer would need to get higher nominal wages there to be as well off as he is in Canada.

Disappointment appears to be the feeling produced by the annual meeting of the London branch of the Imperial Federation League. But few gains in membership had been made during the year; there was a deficit in the funds, and the absence of prominent members was conspicuous. These facts were not suited to inspire enthusiasm, and the proceedings were tame, not to say dull. However, the executive committee was instructed to prepare a plan of federation for the United Kingdom and the colonies. An instruction goes to the committee to make the basis of the scheme as nearly as possible Free Trade within the Empire. Sir Charles Tupper was indiscreet in alleging some mysterious authority for the statement that the object of the McKinley tariff was to force political union upon Canada. At the next meeting, if the new scheme be ready for discussion, the really critical period of the league will have been reached. Practically its members have been saying that it was unable to put into a practical shape the details of the scheme of which it desires the realization. Delay, carried to the utmost verge, could not go on for ever. There was a fear among members that no plan could be devised that would command the suffrages of all who call themselves Imperial Confederationists, and when the scheme appears, this dread is not likely to be disappointed.

Just at the time when the Governor of New York was giving his official sanction to an anti-monopoly bill, the Bell Telephone Company, in Canada, was gobbling up its rival, the Ontario Telephone Company. The New York bill would apparently prevent such an amalgamation in that State. It enacts that "no stock corporation shall combine with any other corporation or person for the creation of a monopoly." In announcing the handing over of the Ontario Telephone Company, Mr. Kendry, the president, makes the remarkable statement that the directors have "carried the concern entirely on their personal credit with the banks." The financial basis was evident.