

ESTABLISHED 1866.

# THE MONETARY TIMES

## AND TRADE REVIEW,

With which has been incorporated the INTERCOLONIAL JOURNAL OF COMMERCE, of Montreal, the TRADE REVIEW, of the same city (in 1870), and the TORONTO JOURNAL OF COMMERCE.

ISSUED EVERY FRIDAY MORNING.

SUBSCRIPTION—POST PAID.

CANADIAN SUBSCRIBERS,	-	\$2.00 PER YEAR.
BRITISH	"	10s. 6d. STER. PER YEAR.
AMERICAN	"	\$2.00 U.S. CURRENCY.
SINGLE COPIES,	-	10 CENTS.

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TORONTO, CAN. FRIDAY, AUG. 2, 1889

## THE SITUATION.

Too confident, it is now proved, was the prediction that the arrangement entered into between the British and the American Governments would prevent the capture of sealers in Behring Sea. The United States revenue cruiser "Rush" captured the British schooner "Black Diamond" with 10,300 seal skins on board, and the captain of the "Rush" said he had orders to seize any vessel found with Behring Sea seals on board. They were all caught in that sea. What the arrangement was that was expected to produce the result predicted has not been made public. But it appears that, in order to prevent occasions for collision pending a settlement of the question respecting which the British Minister at Washington has received specific instructions, the British Government has thought it best that the Canadian sealers in those waters should not meanwhile be placed under special protection. The chance of the dispute being speedily arranged does not appear hopeful. When British vessels are given to understand that they must if at all pursue a calling forbidden by the United States even to its own citizens not of the Alaska Company, and to all others, it does seem the height of temerity to engage in the hazardous calling. The captain of the "Black Diamond" is alleged to have stated that he would not have surrendered if his force had been superior to that of the Rush. This kind of bravado does not deserve to be encouraged. Another vessel, the "Triumph," has been searched by the Rush. We shall no doubt before long hear of additional captures. The "Black Diamond" was seventy miles from land when overhauled, and her capture must lead to a definition of the respective rights of the United States and other countries in Behring Sea.

Frequent appeals are made to the Secretary of the United States Treasury for rulings on the effect of the Alien Contract Law on the shifting part of the population on the Canadian border. In response to one of the latest of these appeals, that from the boatmen of Alexandria Bay, near St. Vincent, the acting Secretary, says: "In

view of the many complicated situations and close business relations along the Canadian lines, which apparently were not contemplated or provided for by the law, it is preferred that they be submitted to the consideration of Congress before a needlessly rigorous enforcement of the law, possibly causing unnecessary hardships and financial injury to American citizens, be attempted, especially in cases where there is no complaint from responsible parties." At the same time he corrects several misconceptions, all of which tended to stretch the law beyond its obvious tenor. It may be taken for granted that Congress will deal with the subject in some way; and as Americans could not complain if whatever rules they lay down for Canada should be made the measure of their own rights, we may expect from that authority a calm and dispassionate consideration of the relations of labor between the countries.

A Philadelphia syndicate, formed in the interest of a ship-building firm, it is said intends to make an offer to buy the British naval station at Esquimalt, Vancouver Island. The syndicate may, as stated, have a capital of \$4,000,000, but that "negotiations for the yards and docks are now pending," if this means that they have begun, we take leave to doubt. Even the purchase price, \$1,500,000, is mentioned, in a despatch from San Francisco. It is added that the Esquimalt yards have proved inadequate for the purpose of the British Government. If so, this would be a good reason for changing, but it does not follow, and is not probable, that a sale of the nature contemplated by the Philadelphians would be made. Some of the Philadelphians said to be in the syndicate deny the statement, the whole of which is probably untrue. It is every day becoming more important, in view of the increasing strength of Russia, that England should have all necessary naval appliances in the Pacific. The alleged sale is in contradiction of this fact. What would the American firm do with ships which they might build in Esquimalt, and which would be denied American register as foreign built? Of course it could run them under the British flag, as the White Star line is run.

New York, which has generally been regarded as favored in the item of freight discriminations, has recently complained, through the Produce Exchange, that it was suffering from freight discriminations which took in Atlantic as well as the inland freight. The Interstate Commerce Committee found on examination that the charge was well founded, and proposes to apply a remedy. In some cases freight was carried to Liverpool for the same rate as to New York. It is assumed that the ocean freight was paid at full rates, but this is doubtful. This is a complaint in which, though made by New York, all American cities can join, since the United States, though owning the railways, has little interest in the ocean craft by which its surplus produce reaches foreign markets. The Atlantic cities of the New England States are more concerned just now

about inland discrimination against themselves than what New York has been complaining of; but if there be discrimination affecting them on the combined land and ocean freight, they may be relied on to protest against it.

Impending executive action as to the taxability of Canadian railway cars which have crossed the lines into the United States has been variously reported within the week. It has been said that an opinion had been expressed by a law officer that cars carrying freight into the United States were not taxable, and that they were at liberty to return unloaded without payment of duty, but that if they returned loaded they would be subject to duty. This opinion presumably rests on the assumption that taking return freight would be proof that the cars had come into the United States to do regular service and not as casual visitants, which at once return. The enforcement of such a reading of the law, the duty on carriages being over thirty per cent., would go a long way towards the establishment of non-intercourse. Any international trade by land that might remain would have to be done by American cars, and such a one-sided arrangement would evoke strong objections on this side. The view of the case that may ultimately be enforced at Washington will be a purely legal one, and will have no connection with the retaliation talked about last year.

The *News-Advertiser*, of Vancouver, protests against the Victoria Board of Trade being supposed to represent the people of the mainland of British Columbia in its recent deliverance on unrestricted reciprocity. "Its utterances on reciprocity," the assertion is broadly made, "find no echo here; unrestricted reciprocity would destroy some industries just starting into existence." There is commercial rivalry between the people of the mainland and those of Victoria, and each place follows what it conceives to be its own interest.

British capital is seeking new forms of investment, and the process is likely to tend to the consolidation of the business in which it is becoming engaged, in the United States and Canada. Large sums have gone into American breweries; one Canadian brewery is reported to have been similarly disposed of, and two others are said to be under negotiation. If several breweries fall into the same hands, the strength of the organization would be apt to overbear the resistance of weaker concerns unless the latter have some special excellence to recommend them, and if they have they would likely be themselves absorbed too before long. There is, perhaps, an opposite danger, if not in Canada in the larger field of the United States, that competition may spring up under stronger organizations than those formed in England. At present such a danger scarcely exists in Canada. These investments will free a certain amount of Canadian capital and send it out in quest of new fields, which are not likely to be wanting in a country where undeveloped material resources are almost illimitable.