ESTABLISHED 1866

THE MONETARY TIMES, TRADE REVIEW

And Insurance Chronicle,

With which has been incorporated the INTERCOLONIAL JOURNAL OF COMMERCE, of Montreal (in 1869), 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. Sterling Per Year.
AMERICAN "	$2.00 United States Currency
SINGLE COPIES	10 Cents.

Book and Job Printing a Specialty.

PUBLISHED BY THE

MONETARY TIMES PRINTING COMPANY OF CANADA, Limited.

EDW. TROUT, President. ALFRED W. LAW, Sec'y-Treas.

Office: 62 Church St., cor. Court

TELEPHONES { BUSINESS AND EDITORIAL OFFICES, 1892 / PRINTING DEPARTMENT, 1485

TORONTO, FRIDAY, MAY 28, 1897.

THE SITUATION.

With the resumption of the tariff debate came a pretty long list of changes made by the Government, in a direction which showed that they had consented to make protection of a number of articles an incident of their policy. We must assume that they acted on the conclusion that the cost to the public of sustaining a number of industries, once they have been established, would be a less evil than the danger of letting them fall. On the one side Ministers are liable to be reproached with deviating from the policy of a revenue tariff, pure and simple, while on the other extreme protectionists object to reciprocal preference even with the Mother Country. The course of the Government is a middle course, and, on the whole, they have not been able to get very far from the line taken by their predecessors. One effect of the changes in the duties on yarn is expected to be a tendency to produce a better kind of cloth than has hitherto been made in the country; but it is just here that the competition of England is strongest, and the field is one in which victories are most difficult to win. The duty on nails is somewhat reduced. If the Nail Trust of the United States, one of the most pestilent of the brood, finds a means of stretching its tentacles over Canada, the case presents an unusual complication, and may require the application of a strong remedy. The Government must find it necessary to avoid provoking the hostility of the free trade element of its own party; though, to tell the truth, the danger does not appear to be either great or urgent. Meanwhile, the question of export duties remains in abeyance, though the area of the operation of such possible duties is extending: besides covering saw-logs, it now involves nickel in Ontario, and some other ores in the Rossland region. The question is put now as if export duties would turn on the pivot of reciprocity.

In the circle of the Canadian press THE MONETARY TIMES was the first journal to suggest that the only effective cure for unlawful combinations in restraint of trade was to admit free, at the custom house, any article thus made a subject of monopoly. When the Government embodied this remedy in the tariff bill, the plan of carrying it out seemed to us capable of improvement, and we suggested a different mode of procedure, which has now been acted upon by the Minister of Finance. The machinery originally provided was executive action, without the intervention of a court. The amended method is executive action, after the fact has been established before a judge. This change will make the decision on the existence of a combination judicial and will relieve the Government of all responsibility, except for an act which will, in fact, become mandatory, and which will rest on the law and not on its execution. Much will depend upon the machinery for setting the law in motion. Experience proves that a law against combination becomes virtually a dead letter when there is no regular machinery for putting it into force. This is the only remaining point which requires attention in connection with the proposed law.

The doubt about the effect of the preferential clause in the tariff bill, on the treaty rights of foreign nations, has, meanwhile, been provisionally resolved. While holding the opinion that, as a matter of law, these treaties do not restrain Canada in the action on which she entered, the Government, in view of the fact that it might be decided that this view of the matter is not sustainable, has taken power to extend, by Order-in-Council, the benefits of the reciprocal tariff to any country which may be entitled thereto, by virtue of any treaty with Her Majesty. In a matter so sacred as the obligation of treaties, it is necessary to avoid anything which might by any possibility be construed as a violation of the obligation. At the same time the Minister of Finance explains that the Government does not anticipate that any occasion will arise to make the extension thus provided for.

In connection with the proposal to guarantee the interest on the bonds of the projected railway from Winnipeg to Duluth, Mr. Greenway is naturally anxious to take security that a road intended to provide competition shall, in practice, be found to compete. To do this, he proposes to bargain for control, and he apparently expects to secure this object at a less cost than that of construction. In other words, he proposes to take a partner, who will be content with his position without the power of control. If Manitoba pays the lion's share of the cost, in the form of guaranteed interest on bonds, the bond-holding partners are willing that Manitoba should have the stock. Will the position of controlling stockholder involve no contingent liability? If more capital should become necessary, how is it to be raised? Would there be in such an operation no danger to the proprietary control? The history of railways naturally suggests these questions. The salient point in connection with the proposal of the partner who furnishes the bulk of the capital is not to make it a net, unconditional gift, while the partner company, who furnish only a modicum of the capital, bargain for all the prospective profits.

Ten cents per 100 pounds between Winnipeg and Duluth is the stipulation which Mr. Greenway is to secure to his Province as the condition of a guarantee of interest on the bonds to the amount of $3,500,000. It is admitted that these bonds will nearly build the road. The first question is whether Manitoba has constitutional authority to enter into such a transaction, in respect to the part of the road which is to be in a foreign country. If it has not, what is the process by which the authority could be obtained? A reduction of the freight rate to the figure named would be a great relief to the Province, at present; but there is the possibility that even this rate might, as the result of some new invention, become onerous, at some future time, and if this should happen, there would be no possibility of bringing down the figure so as to give the Province the benefit of the change.