

companies, but we feel assured that we are considerably underestimating the amount if we place the aggregate at \$14,000,000. For our present object precision is of no importance; we merely wish to show that a considerable portion of our imports was paid for by bills drawn against loans of various kinds. We have, however, been dealing with the year 1880, which is the only one of the ten years commencing with 1871 in which the exports exceeded the imports. The excess of imports for home consumption over exports in ten years was about \$194,000,000. During that period the public debt of the Dominion increased by \$61,000,000. How much money was drawn by loan societies, by railroads, by municipalities, by Provincial Governments, and for private investment we cannot pretend to estimate, but we trust that we have demonstrated that no reliance whatever can be placed on "the balance of trade."

The practical effect of this introduction of capital has been to divert the industry of the country largely to the construction of public works. In considering the question, it must be borne in mind that the exports of Great Britain vary a good deal, owing to the loans made to foreign countries and to the colonies. Such loans stimulate exports and inflate the prices of commodities, and after a period of apparent prosperity the time of reaction arrives when prices fall, and the holders of goods and speculators in property have to suffer severely, even if they escape ruin. Canada has had bitter experience on several occasions of the ruin which has followed a period of great prosperity and inflated prices, and it cannot be too strongly impressed on all those engaged in commercial pursuits to exercise caution during the period of the expenditure of borrowed capital on our great public works.

#### CUT RATES AND PARALLEL LINES.

The New York *Daily Graphic* has been most successful in its cartoons in illustration of subjects of great interest, but we doubt whether any of them has been more deserving of notice than that in the number of 19th inst., entitled "While the Railroad King Slept, His Enemies Built New Lines," and which it is said "vividly portrays the present state of the railroad system between the Atlantic seaboard and the Western prairies."—The cartoon, as may be imagined, exhibits a number of competing lines, and a leading article, with the heading which we have prefixed to these remarks, treats the sub-

ject from a New York standpoint, which is widely different from a Canadian one. We are told that, owing "to the dividends our principal railroads were paying and to the great fortunes the owners of our railroad stocks were acquiring," an idea began to gather strength that more railroads were required to transact the business offering. This led to the laying out of new lines, and it appears that so readily did capital come to the aid of these schemes that active building began, and is at the present time busily going forward in all directions. It is said that as regards "the promoter" his fortune is made by the construction, while the public will have to take its chances on the stock. The conclusion arrived at by the writer in the *Daily Graphic* is that "the business of the country, gratifying as it is, will not begin to keep" all these roads. A free cutting of rates has set in, and it is believed that a deliberate plan has been formed to crush out and put a stop to the construction of new parallel lines.

It cannot be said that the rival lines which have been projected in Canada have been the result of large dividends or great fortunes acquired by the owners of railroad stocks. While the operations on the Stock Exchange in New York are largely in railroad shares, there is hardly a quotation of such securities from the Montreal Stock Exchange. It is at least doubtful whether the fortune of the promoter has in any instance been made by the construction of a Canadian railroad, but certainly the general public cannot be got to subscribe a dollar to any new railroad. The system of railroads north of the St. Lawrence was, after many years of fruitless efforts to organize companies to construct it, started by large municipal aid, supplemented by the Province of Quebec, which ultimately had to assume the entire responsibility of the work, involving itself thereby in pecuniary difficulties from which it can only be extricated by submitting to heavy loss. The Provincial Governments and the Municipalities have encouraged the unprofitable investment of capital in railroads to an extent that has become seriously alarming. We have now to face rival competitive schemes of a magnitude, which would have been deemed inconceivable a few years ago. A railroad to the Sault St. Marie would, two years ago, have been deemed a work the accomplishment of which was scarcely to be hoped for; and to-day we have promoters of competing lines to the same point. The same may be said of the line between Ottawa and Toronto which, after fully ten years of vain efforts to organize a company with sufficient means to construct

it, is now being undertaken by two rival companies. It is deeply to be regretted that so large an amount of the capital wasted in Canada should have been furnished by the various Governments and Municipalities, but there is a still greater evil, which is the local jealousy which prevails so extensively, and which has been the main cause of the excessive expenditure on railroads.

#### COLONIAL RELATIONS.

The Hon. Mr. Huntington, who is at present on a political tour in the Maritime Provinces, is reported to have described the difficulties under which, in the early days of the Dominion Parliament, the Liberals of the different Provinces labored in acting together, and recounted the circumstances connected with the first joint effort they made to carry a resolution affirming a great principle, viz.: "That Canada should have a voice in the negotiation of her own commercial treaties with foreign nations." No other inference can be drawn from the remarks of Mr. Huntington than that he desired to claim credit for himself and his friends for establishing a new principle bearing on the relations between the Imperial and Colonial Governments. Surely Mr. Huntington, although he had not entered public life at the time, cannot be unaware that the principle to which he referred in his speech at Woodstock, N.B., was successfully carried out on the occasion of the negotiation of the Reciprocity Treaty in 1854. On that occasion, in consequence of representations from the Canadian Government, the Imperial Government, although represented at Washington by its regular minister, appointed as special ambassador to negotiate that treaty the late Earl of Elgin, then Governor-General of Canada and a statesman not inferior to any of those who have filled that position. On his appointment, the Earl of Elgin invited the respective Governments of Nova Scotia and New Brunswick to send representatives to Washington to aid him by their advice, and he was likewise accompanied by the leader of the Canadian Government. It would be impossible to carry into effect the principle of giving Canada a voice in the negotiation of her own treaties in a more satisfactory manner than was done on that occasion.

An evening contemporary seems to think that, although a colony of the Empire, Canada should insist on the concession of the principle that colonies should, in the negotiation of commercial treaties, act quite independently of the Imperial Government. This is going far beyond