

more accurately estimated. The opening up of the country through which the Pacific section of the road will run will be of inestimable benefit, whether or not it realize the expectations of profit in the first three years. This is not probable, seeing that it will take two and a half years to complete this section. This section contains some mountainous spaces in which construction will be costly. And this raises the question whether a subsidy of \$4,000 a mile will afford a sufficient basis on which to finance the undertaking. There is a lurking suspicion of some conditional promise on the Ottawa Government to give aid in some way. One member of the British Columbia House expressed his belief that the Dominion will reimburse the Province for its outlay on this road. Members of the Provincial Government, however, speak as if the undertaking were exclusively British Columbian, and certainly it is that Province which will benefit by the opening up of the country through which the Pacific section will run. They also state, in no doubtful terms, that no contribution towards the road is to be expected from Ottawa this year, implying that something may come thence at a future time. But it looks as if the Dominion Government were looking for some opportunity to present a new scheme of aid.

Mr. Chamberlain has produced a profound impression, both in Europe and America, by advocating an alliance between England and the United States. Continental Europe is adverse; a conviction that their civilizing mission must draw the two branches of Anglo-Saxons together is uppermost both in England and the United States. This is visible everywhere. For the first time, a municipal corporation on the American side of the Niagara River proclaims a half-holiday to enable its official representatives to cross the line and take part in the celebration of the Queen's Birthday. This is only an indication of a general feeling, to which a sense of common danger in the near future has given birth. Where right feeling exists, suitable action will follow on a proper occasion. The statement has been repeated, in various forms, during the week, that if England had not put her foot down firmly, in the way of objection, the European powers would, ere now, have served notice on the United States that she would not be permitted to retain the Philippines. The representatives of three of the powers, not including England, at Washington, have reminded President McKinley, through Secretary Day, that the President's message made the liberation of Cuba the sole object of the war, and that the bombardment of Cuban coast towns can only add to the distress of the natives, without furthering the avowed object of the war. The rights of European residents, it was added, must be respected; and there is a story that Germany is prepared to make an extravagant demand. Russia, Austria and Germany are said to be drawing close together; Russia is to raise a loan of \$60,000,000 in Germany. The interests of the United States in China are identical with those of England, and the possession of the Philippines will enable the Republic the better to bear her share in safeguarding those interests.

AMERICAN WAR FINANCE.

The Finance Committee of the United States Senate cannot be congratulated on its proposals for meeting the cost of the war. The remnant of the greenback system, as it survives to-day under specie payment, is not specially burthensome to anybody. The real objection to it, apart from that made by interested parties, who hoped to profit by a change in the form of currency, is that it would be

felt as a practical inconvenience when war should put a new strain on to the national finances. To add \$150,000,000 to the present amount of greenbacks, as is now proposed, would put a greater strain on convertibility, and if it should hereafter be followed by further issues, the Government might have to confront the question of a suspension of specie payment. Supposing that to happen, the loss in the depreciation of the greenback would more than balance the saving of interest by refusing to issue bonds. The coinage of silver now in the Treasury of the nominal value of \$42,000,000, but of a real value of less than half that amount, is not the best way to conserve the gold standard.

On the question of war taxes, there is no doubt that, even in war, a rich nation should, as far as possible, pay the expenses of the year out of the year's taxes. Fall where they will, the extra taxes will give rise to complaint. The Supreme Court having made an income tax impossible, the burthen must fall elsewhere. But there is one source of taxation, related to this, on which the Supreme Court has pronounced a different judgment. Taxes on legacies, called a tribute, are legal, and so a tax or tribute on legacies there is to be. If the war were long-continued, there is no saying to what extent this tax might eat up the wealth which millionaires may leave behind. There is, according to the doctrine accepted by the Court, scarcely any limit to the amount of a dead man's estate the State may take. During the trial, which arose under the inheritance tax law of Illinois, the Court was reminded that it had declared the income tax unconstitutional for the reason that it was a direct tax upon property; and the question was whether the Illinois inheritance tax law did not similarly offend. The ingenuity of counsel found a way out of the difficulty—a perilous way it may prove to be—and the court consented to walk therein. Counsel for the State invented the fiction that the so-called tax is not a tax at all, but a tribute exacted by the State for conceding to her citizens a right which they did not naturally possess, of transmitting their property by will. The denial of the theoretical right of bequest is not altogether new, but it has never before received so startling a recognition. The Supreme Court has accepted and judicially propounded a doctrine which, while it does not go as far as the Socialist, who denies the right of the workman to bequeath his tools to anyone after his death, would permit the State to take practically what it likes, as tribute for granting the right of bequest. Death tributes may be expected to flourish in future.

The other new taxes strike public carriers, including expresses, telegraphs, telephones, corporations, building and loan associations, life insurance companies. There are a new tobacco schedule and stamp duties. Though all interests ought to be willing to bear their fair share of public burthens, some of these taxes will be a good deal more objectionable than an income tax. Taxing gross receipts is blind work, assuming as it does what is not necessarily true, that receipts represent gains. The general rate is made one-fourth of one per cent. of receipts, which must of necessity vary in its intensity, and will be most felt where the ability to bear it is feeblest. The scheme may undergo wide alterations before it becomes law.

EFFECTS OF THE WAR.

As to the effect the Spanish-American war is having, and will have upon the trade of our Eastern Provinces, the general impression seems to be that it must prove the reverse of favorable. We have letters from St. John, dated 18th May, one of which says: "Trade with the