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THE SITUATION.

This year the Canadian Government has taken time by the forelock, in reducing the canal dues on wheat, Indian corn, barley, rye and oats, when the latter are fit for export. As on previous occasions, the relief comes in the form of a refund of tolls paid on the Welland canal, when the grains on which they were paid are afterwards passed through the St. Lawrence canals to Montreal, or any port below. The condition applies equally to American and to Canadian freight, which, under the treaty of Washington, are entitled to equal treatment. The refund is two cents a ton. The order-in-council making the reduction is to be operative only during the currency of the present year. This prompt action in lowering the tolls before navigation opens, will smooth the way for the carrying trade by removing all uncertainty as to what the rates were to be. With the completion of the enlargement of the St. Lawrence canals, the conditions of this trade will be altered, and the necessity of reshipment at Kingston will be lessened, if not removed altogether. It is impossible to acquit the forwarders on the St. Lawrence of the charge of failing to do what was necessary fully to develop the advantages of this route. By and by they may find that the trade, by assuming a thorough character, will slip out of their hands. The dread of such a result may have operated upon them to prevent their perfecting appliances for doing the work under existing conditions. But if we may take the word of Thomas Keefer for it, the canals, even when the enlargement is completed, will still be too small for the through traffic; and if so, a change in present methods will not come for some time.

The question has been raised whether sugar introduced free into the United States, under treaty, can be reshipped to Canada at prices which will have the effect of lowering the rate prevailing here. The sugar which might be so admitted into the

United States would not be in a finished state, and would have to pass through the hands of American refiners, who could, if they so desired, sell at a lower rate than is now prevalent here. We take it for granted that the admission of free sugar into the United States will, by reducing the price, make a new condition of things for the refiners there, and they may be expected to bend their energies to keep up prices by means of combination. But it would be impossible for them to prevent a fall, and at any rate they would have no motive not to sell in Canada at figures that would command the market. In this way, our own refiners would be affected. There are two ways in which they might look for relief: by obtaining cheaper material to work upon, through a reduction of duties, or by an increase of duty on refined sugar. To the latter expedient the Canadian Government would scarcely venture to resort; recourse to the former would, to a certain extent, be legitimate. But if this remedy were sought, care would have to be taken that it should be done in such a way as not to form the shelter for a combine. The incident of cheaper sugar obtainable by importation will prove of little value to this community unless it have the effect of breaking the duplex sugar combination now in existence.

One more American connection has been secured by the Canadian Pacific. An arrangement has been made with the Vanderbilt interest for the use of their line to New York. The connection will be made from the point of Brockville, where the St. Lawrence River will require to be bridged, and once on the other side, the route will be by Rome, Watertown, and Ogdensburg to Utica. The Vanderbilt lines by way of Buffalo and Suspension Bridge, will not at present be used by the Canadian Pacific, for the reason that that company has not the means of making the connection. In return the Vanderbilts secure a transcontinental connection between Halifax and Vancouver, but in what shape or on what conditions is not quite clear. Previously the C. P. R. had means of connection with Boston. If commerce is to be left free, it must be at liberty to move where interest dictates. The future Canada lies largely in the North-West, and anything which can lessen the cost of transportation thence will add to the gains of the farmer. The Hudson Bay route, if of practical value, will sooner or later be utilized; and if this should happen, freight from the North-Western States will be attracted to this route. Meanwhile the best must be made of existing lines of communication. It would be unreasonable to expect the C.P.R. or any Canadian railway, having the means to do otherwise, to confine its operations to Canadian ports; the greater the choice of routes the better it must be for the great body of Canadian producers.

Delegates representing the Newfoundland House of Assembly have gone to England to oppose what is called the Coercion Bill. Premier Sir William Whiteway, Speaker Emerson, and Mr. Morrish may be expected to make an adequate representa-

tion of the sentiments of the House. But this proposal to do nothing, far from pointing the way to a settlement, can lead to no useful result. It is not obstruction that is wanted, but such action as is possible under the circumstances. Newfoundland is very desirous of getting rid of the French, but the French refuse to go: they refuse to relinquish such rights as they have on the coast, and there is no peaceable or honorable way of procuring the settlement which the islanders desire. England has agreed to a commission for settling the disputed rights in the lobster fishery, and Newfoundland will neither sanction the arrangement nor agree that England shall carry it out. The British Government is responsible for the execution of the treaties, and is not going to seek a cause of war by dishonorably refusing to perform her international duty, under existing engagements which have been in force over a century and three-quarters. Newfoundland is certainly unreasonable, so much so as to suggest whether foreign intrigue be not at the bottom of the trouble. It is difficult to believe that a body of colonists could persistently act with the unreason that characterizes the Newfoundlanders, unless there was something of this sort.

Again the alarm of coming war is sounded in Europe. The alliance between France and Russia, the conferring of a Russian decoration, which is usually reserved for members of the royal family, on President Carnot, the tone of the Russian press about Bulgaria, and the massing of Russian troops on the Austrian frontier, are pointed to as indications that the new alliance contemplates an early breach of the European peace. One of the members of the triple alliance, Italy, is financially weak, and the resignation of Signor Crispi as prime minister, was thought to relax the bond that binds Italy to Austria and Germany; but the notion, at first formed, that this event would put an end to the compact, proved to be incorrect. Bulgaria is the most probable ground of quarrel, and in that country the belief prevails that the murder of M. Salabaschiff, its prime minister, will be utilized by Russia to bring on an open conflict. A general European war would probably involve Great Britain before it was over, and it would be so far-reaching in its effect as to be felt throughout the entire civilized world. There is no saying where it would stop, or what results it might bring about.

Reports of large purchases of Canadian cattle by American purchasers have given rise to different theories as to the cause. One is that American operators have made up their minds to monopolize the Canadian export cattle trade, and with this view to make a grand coup for the purpose of freezing out the opposition of weaker rivals. Another, which is that of Mr. Frankland, the well-known cattle exporter, is that the new movement is an indication that Western American farmers are no longer willing to grow cattle without profit, as they have been doing for some time past, with the result that there is a scarcity of cattle in the American market. Under the influence