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EDW. TROUT,  
President.

J. K. CAMERON,  
Secy.-Treas.

OFFICE 70 & 72 CHURCH STREET.  
TELEPHONE 1485

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## THE SITUATION.

A reciprocal treaty between the United States and Brazil has been made known by a proclamation of President Harrison. It will take effect without waiting for the consent of the Senate, which indeed it does not require. The clause in the McKinley Act, authorizing arrangements of this kind, does not require the agreement to be accompanied with the formalities of a treaty; the President has merely to be satisfied that the foreign nation has done something in favor of American commerce to authorize him to declare a bargain concluded. The power of reimposing duties on sugar, molasses, coffee and hides is placed by the McKinley Act in the Executive; and the present agreement is that, in the case of Brazil, they shall not be imposed. Brazil, on her part, is to admit American agricultural produce and farming implements free. But if she is to take anything by this move, the duties from which she is made free must be put on against other nations. But what other nations? Mr. Blaine's reciprocity projects extend to other countries of South and Central America; he is said to have concluded one with Venezuela. The value to Brazil of the new arrangement will depend on its exclusiveness. But how far is it possible to make it exclusive, even if no more treaties be made with other nations? How far are the United States and Brazil, or either of them, committed to other countries under the most favored nation clause in pre-existing treaties? On both these points there is a good deal of uncertainty, and until it is cleared up, it is impossible to say what either of the contracting parties will take by the bargain that is announced.

Mr. Blaine could not, if he desired, make a commercial bargain with Canada, on the basis of the Brazil agreement. Any arrangement with this country would have to take the form of a treaty and to run the

gauntlet of the Senate. Mr. Blaine's disclaimer of actual negotiations with Canada appears to have been intended to serve a purpose. That the revival of the treaty of 1854 will not even be considered by the American Government, his assurance was not necessary to convince anyone, and the question is what extension of it, short of a common tariff for both countries, would be entertained, for purposes of discussion. Naturally, he would like to see in power in Canada the party that is prepared to offer reciprocity along the whole line of the tariff. American opinion on the political effect of reciprocity, in any form and to any extent, is divided. Some think that commercial would lead to political union; others believe that the refusal of any measure of reciprocity is the nearest road to annexation. It was this conviction that determined the late Horace Greeley and Consul Potter to oppose reciprocity in every form. Whatever may be Mr. Blaine's opinion on this point, he has kept it to himself. It is not even certain that he would accept unlimited reciprocity or commercial union with Canada; but it may easily be conceived that he would prefer to negotiate, if at all, with men who, at the start, propose the fullest measure of reciprocity which it is possible to conceive.

Some side issues in the elections are important enough to require to be kept steadily in view. In Quebec, M. Mercier demands an addition of \$400,000 a year to the Provincial subsidy; and on the condition of M. Laurier promising to secure it, he has given him his support. The agreement is formal; M. Mercier stating his demands, and M. Laurier replying, "I accept the declaration as the expression of my policy." In this matter, Ontario is deeply concerned, because the extra burthen would mainly fall upon her. M. Laurier also encourages Prince Edward Island to hope that he would build a tunnel to the main land at a cost of several times the value of the whole island. On the other side, the manufacturers, in their own interest, are demanding the maintenance of the high duties by which they profit personally, and they are told they will get what they want. These are ugly features of the contest, discreditable to those who present them. No doubt other bargains are being made, in secret, of which the public is likely to learn only too soon, including promises of support to railways and other schemes in which localities and individuals are interested. M. Mercier's demand, involving an amount equal to a capital sum of \$10,000,000, is the most serious of its kind which has come to light, or which, it is likely, exists. The fact shows that it is next to impossible to get a straight vote on any single commercial issue which it is possible to present to the electors.

Too much significance need not be given to the fact that a small number of unemployed workmen, carrying two black flags, have been parading the streets of Toronto. Every year, winter throws a number of men out of work, and there have been causes of distress operating this season which are not always found. There has been a slacken-

ing in corporation work, which was bound to come, and this is likely to be permanent, for the city cannot go on for ever spending a million dollars a year on local improvements. The strikes of last spring lessened the fund on which labor has to rely in the winter. Besides, the appearance of the black flag is a regular step in the preaching of the socialistic confiscation gospel. When the new gospel finds an echo in the pulpit, however feeble, the black flag cannot be far off. And those who think that this sort of pastime can be safely enjoyed, may live to see more bitter fruits of their folly. Mr. Single Tax was very properly present beside the black flag. That is his true place. One of the orators blamed the land laws, those laws which secure the farm to its owner, for the distress, and demanded "justice," which means, in the mouth of Single Tax, confiscation. Verily, the disciples of Mr. George have reason to be proud of the delusions which their gospel has occasioned. Beyond its place in an inevitable sequence, the black flag paraded on this occasion has no very alarming significance.

A new bid has been made by the Ottawa Government for savings banks deposits. Heretofore the amount which any one might deposit within a year has been \$300; in future the figure is to be raised to \$1,000, and the total limit which any one can have to his credit has been raised from \$1,000 to \$3,000. The limitations which have now been superseded are said to have considerably restricted the amount which some depositors desired to put in these savings banks. The lowering of the rate of interest has lessened the amount on deposit, and the raising of the maximums is probably expected to make up the leeway, and even to increase the total. The move is one which will not commend itself to the commercial class. To the banks it means the revival of competition for deposits, in a new form; to commerce and industry it means the diversion of savings from production to non-production, or at best, from individual enterprise to government works. What effect the raising of the maximums will have on the amount of deposits cannot of course be accurately foretold. Some of the depositors have, no doubt, in the past, opened accounts with savings banks in more than one name, as a means of overstepping the barrier; but people who prefer not to run the risk of trusting their money in other names will now be able to increase deposits in their own name, and in this way some increase is likely to take place.

A new plan for drawing money into the coffers of the Government has been hit upon. A 3½ per cent. stock, in amounts of \$100 and larger sums, is to be issued, payable at the end of five years. Just now, there seems to be a tendency to put money into investment bonds issued by companies, and in the present state of the Ontario law there is danger that companies without adequate security may go into the business. The collapse of the Alliance should operate as a warning. The Ontario law under which companies of this kind is formed needs revi-