

30th September, 1889.

[In thousands.]

Description.	Banks in Que- bec.	Banks in On- tario.	Banks in other Prov's.	Total.
	\$	\$	\$	\$
Capital paid up	34,451	17,709	8,026	60,186
Circulation	16,902	10,409	5,577	32,888
Deposits	72,969	43,711	16,982	133,662
Loans & Disc'ts.	102,712	67,002	22,906	192,620
Cash & Foreign balances (Net)	23,069	7,669	3,991	34,729

A QUESTION OF NAVIGATION.

The Ottawa correspondent of the *Empire* announces that "an order has been issued by the Department that when goods are transported in bond over United States railways in transitu from a Canadian port destined for a port in British Columbia, the carrying from the port of transshipment to the point of destination shall only be done by British vessels, or foreign vessels which have acquired the right to the coasting trade of Canada." If this be true, a serious blunder has been committed, the correction of which should at once be made. Article xxx. of the Treaty of Washington expressly accords to Americans the right which is here said to have been denied them. The words are: "citizens of the United States may carry in United States vessels, without payment of duty, goods, wares, or merchandise from one port or place within the possessions of Her Britannic Majesty in North America to another place within the said possessions, provided that a portion of such transportation is made through the territory of the United States by land carriage and in bond, under such rules as may be agreed upon between the Government of the United States and the Government of Her Britannic Majesty." By the same article, Canada obtains a reciprocal right of navigation, and on the same condition, land transit through a part of Canada. It is alleged that American vessels have hitherto been allowed the privilege, to which they were certainly not entitled, of taking bonded freight from Vancouver which had come over the C. P. R. and delivering it at a Canadian port or ports. This privilege might have been withdrawn without giving just cause of complaint; but it could not be done in the way described. If what is stated, has really been done, a provision of the Treaty of Washington has, unconsciously no doubt, been violated. But it may be that the correspondent is in error, and that the restriction applies to freight which has come over the Canadian Pacific and not over American territory. In that case there would be no blunder and no denial of treaty rights, though there would be a bit of retaliation in kind which would be legally justifiable, however it might be open to question in point of policy.

—The annual meeting of the National Board of Trade of the United States was held in Louisville last week. On that occasion, as at previous meetings, a resolution was adopted favoring reciprocal trade relations with Canada. But until the American legislator has learned as much, or somewhere near as much, about Canada as the merchant of the Northern States, we are not likely to get reciprocity.

THE UNITED STATES AND CANADA.

Sir Julian Pauncefote, the new British Minister at Washington, has not escaped the catechizing of the inevitable interviewer. But the interviewer is not, as a consequence of his enterprise, enabled to impart much new information to his readers. There are some matters already patent on which the Minister was not disinclined to touch. "You are to remember," he said to the interviewer, on the subject of the relations of Canada and the States, "that this is a triangular duel, to which the United States, Canada, and Great Britain are parties, and by the example of a famous precedent we are reminded that in such cases the preliminaries are somewhat difficult to arrange." But that Lord Salisbury, as stated by an American journal, had done anything so unnecessary as to intinate to the Dominion Government his desire to have the unpleasant controversies brought to a speedy and amicable settlement he did not believe; it would have been a mere platitude, and that statesman is not given to platitudes. That he was to meet Sir Charles Tupper at Ottawa next month he denied, while admitting that on the subject of commercial relations between Canada and the United States he should be guided by the views of the Dominion Government. He was authorized, he admitted, to deal with the question of extradition.

All this was known to Canadians before, and if there were any Americans who believed that any coercive power would be used by Great Britain on the commercial question they will now be undeceived. The statement that Canada will get her own way in the adjustment of the commercial relations may mean much in view of the recent attitude taken on this question by some both in Canada and the United States. When the treaty of Washington was made, Caleb Cushing, a prominent figure among the statesmen of the Republic, predicted that the United States would never make another treaty of reciprocal free importation without including manufactures and various objects of the production of the Republic not included in the schedule of the Elgin-Marcy treaty. "Canada," he added, "must expect nothing of this nature short of a true Zollverein involving serious modifications of the commercial relations of Canada to Great Britain." Since then this view has apparently become generally accepted in the United States, and there are in Canada active advocates of a Zollverein, as a solution of the commercial enigma. The utterance of Sir Julian Pauncefote may possibly be interpreted to mean that, if the Canadian Government recommended such an arrangement, Great Britain would not stand in the way of its realization. We can well understand that, with whatever reluctance, this concession would be made. But that the Canadian Government is prepared to accept such an adjustment there is no reason to believe. The attitude of the Dominion Parliament last session, though assumed under the guidance of the Government, would be pointed to as a legislative negation of the proposal. That Canada was willing years

ago to make some concession to certain manufactures of the United States the abortive Brown treaty makes plain. Since then the policy of manufacturing protection has been created, and it is not possible that Canada would now be willing to go farther in that direction than she was willing to go then. When Sir John Macdonald observed that if we could not have reciprocity in free raw materials we must have reciprocity of tariffs, he did not look in the direction of free trade. Reciprocity of tariffs would mean a higher tariff for Canada. If it was uttered as a threat, it would be difficult to see its wisdom, especially as it must remain sterile or Canada would resort to the use of a weapon that would inflict needless injury on herself.

Since the Washington treaty was made great changes have taken place. The Intercolonial and the Canadian Pacific railways have given us a certain element of commercial independence which Mr. Cushing predicted we should never obtain. Ontario and Quebec, he said, must remain dependent on the United States for the means of transit. There is dependence, it is true, but it is not absolute; and it is balanced by a corresponding dependence of the United States on transit through Canada. In neither case is the dependence without alternative; the mutual interdependence for the facility of transport is a matter of convenience. It would be folly in either country to put an end to the convenience of transit enjoyed by the other. The railways are alone likely to urge such restriction, but if the mutual right of transit were withdrawn they would themselves be the greatest sufferers. This right owes its existence to article xxx. of the treaty of Washington, and it could be withdrawn only by the abrogation of that provision: its abrogation would cut both ways, i. e., take from the United States the same privilege that Canada would lose. This is what the "retaliation" threatened by the late President meant; but reflection on the mutual injury which it would inflict has, we fancy, caused the threat to be abandoned.

To make provision for the mutual extradition of criminals is not an easy thing for an American Administration to do. With a section of the population there is a disposition to rank as political offenders the dynamiter, the petroleuse, the assassin, and humiliating as is the reflection, there cannot be a question that these men have hitherto prevented an extradition treaty from being carried into effect. Reciprocity here offers no temptation, and if it did, we should by having done our own duty independently in this particular have removed the motive to action on the other side. There is probably nothing to be hoped for under this head. The Behring Sea complication ought not to be impossible to unravel. Public opinion in the United States assuredly does not sustain the pretension of a closed sea. The monopoly of the Alaska Fur Company is unpopular with all Americans whose activity it curtails and whose natural rights it trenches upon, though there is a disposition to admit that some general rules for the preservation of the seal are necessary to prevent the annihilation which would follow from an unre-