

RECIPROCITY RUMOURS!

WHERE there is smoke there is always some fire. So we say of the visit of the Hon. John Rose, Minister of Finance, to the American capital: when there was so much talk of a new Reciprocity Treaty that subject doubtless had something to do with the visit. We are not blind to the fact that our "Chancellor of the Exchequer" may have had other reasons for posting off to Washington—that, indeed, it is asserted he visited "the city of magnificent distance" in connection with an arbitration of an International character, in which he acts as the representative of the Imperial Government. But there is such a thing as killing two birds with one stone. And we strongly incline to the opinion that it will yet appear that Reciprocity was not the least of the reasons for Mr. Rose's visit to Washington. This view is strengthened by the rumour that the Hon. Sir John A. Macdonald will shortly proceed to conclude negotiations for a new treaty with the American Cabinet. This report may, or may not, be true—but there can be little doubt of this, that public opinion across the lines is daily becoming more favorable to the establishment of freer commercial relations than now exist. There are good reasons, too, for believing that Mr. Secretary Fish is favourable to the adoption of a more liberal policy, and would like to signalise his administration by the enactment of a wise and statesmanlike Treaty of Commerce between the two countries. Other members of the Cabinet are said to share his views. But it is questionable if the Senate would agree to anything like a fair treaty in its present temper, and the people of Canada would sanction nothing which was not just and impartial to us. We have now fully gauged what effect the want of Reciprocity produces. The evil is comparatively little felt. No country, generally, has seldom, if ever, advanced more rapidly than since that treaty was abrogated, and we can continue to do so. But we recognise the fact that without any restrictions the volume of international trade would swell to larger dimensions, and that both the American and Canadian people would be benefited thereby. And so we hope that Madame Ramour is not astray when she asserts that the Hon. Mr. Rose, Mr. Secretary Fish, and Mr. Thornton, the British Minister, talked over not only the propriety of negotiating a new treaty, but some of the principal points which it ought to embrace. As it is now plain Mr. Rose is about to retire from the Cabinet, to take up his residence in London as a banker, Sir John A. Macdonald would be a suitable member of the Government to continue the negotiations, and it is to be hoped his rumoured appointment is not premature. It is quite possible that nothing may come out of these Reciprocity rumours after all, but as we said at the beginning of this article where there is so much smoke, there must be some fire!

THE INTERCOLONIAL LOAN.

WE publish elsewhere a brief report of a short debate which took place in House of Commons on the subject of Mr. Rose's application of the proceeds of the Intercolonial Loan, as well as an article of the *Times* on the same subject. Mr. Aytoun, it will be seen, finally withdrew his motion, Mr. Gladstone expressing his conviction that they had not sufficiently definite information to take the subject into consideration, but even this brief discussion has been of use in eliciting from the leader of the Imperial Government the statement that they ought to recognise the Canadians as standing on the same footing as themselves, and that he should no more think of casting doubt on the good faith of the Ministry of the Dominion than he should on the Ministry of England.

In the *Times*, Mr. Rose finds an able defender, and a logical one, if only it be accepted as a premise that the securities in which the loan was partly invested are as good as any other, and that a sum equal to the amount used in paying off the floating debt will be certainly available when required. Assuming this, Mr. Rose needs no further defence, but though the probabilities are strongly that the money will be forthcoming when wanted, still there is the possibility that some of the sources from which Mr. Rose expected to recoup the loan might fail to yield the anticipated amount. We do not feel quite certain that using even a portion of the proceeds of a loan guaranteed for a special object in a way never contemplated by the Act granting the guarantee, or by the implied agreement between our delegates and the home Government, might not be characterized as dishonest in practice, although no thought of doing any

wrong had ever entered Mr. Rose's head. Between individuals, with smaller sums in question, public opinion would undoubtedly censure any act that looked like misappropriation of monies that bore the character of trust funds. We should not consider it indicative of a high sense of honour for a merchant to use money which he had borrowed for a certain stated purpose to pay pressing or expensive debts, in the expectation that as he needed the funds for the avowed object of the loan, he would be able to obtain them from other sources on which he believed he could rely with confidence.

We are quite ready to admit the economy of the operation, and if Mr. Rose's anticipations prove not ill-founded then we shall be prepared to accept the result as evidence to some extent that he was justified in placing his dependence on the various sources of supply specified in his budget speech, and to admit that we and other of his critics here and at home have been over severe in our judgment.

THE QUESTION OF THE HOUR!

WHEN WILL A CANADIAN PACIFIC RAILWAY TOUCH FORT GARRY?

THE great question of the hour for Canada is—how can we most quickly open up communication with the Red River Territory? The great importance of this is fully recognized by the citizens of the adjoining Republic, and particularly by those of the State of Minnesota. It may not be known to all of our readers that a Railroad is now in course of construction from St. Paul City to Red River. But such is not only the fact, but Mr. Litchfield, the representative of the English shareholders in the road, (the St. Paul and Pacific Railway) recently asked by the Atlantic Cable, if the line could not be made to Red River before the coming winter. He was answered that it was possible to do so, and orders have since been sent to push on the work so as to reach Breckenridge this fall, which is the point where Red River is touched. From St. Paul to Breckenridge is 214 miles. The contractors will have to look sharp to complete what they have undertaken before the frost sets in, but there can be no doubt that, after what has been accomplished by the Pacific Company, they will succeed.

The early completion of the St. Paul and Pacific Railway carries with it a lesson to the people of Canada. It tells the great value of the North-West territory, as evidenced by the great anxiety of the people of Minnesota to direct its trade in that direction. It also shows to us that the question of a Railway from Canada to Fort Garry cannot be long postponed. The mixed land and water route proposed by our Government is very well as a start, and we hope every effort will be made to hasten its completion. Every day that route remains unopened is a pure loss to the country at large. Let Mr. McDougall, then, push it forward as fast as men and money can do it; but at the same time, it is quite evident we must have the iron horse snorting through British territory to the North-West at an early day. We cannot afford to fold our hands and look idly on whilst the Americans are seeking by means of the St. Paul line, and the projected North Pacific road, to monopolize the immense future trade of that magnificent country. That trade inclines, naturally, to flow towards Toronto and Montreal, but we must have a line of Railway if we are to compete with our Yankee neighbours. If Railways to Red River will pay them, why would one not pay us? If they have anything to gain from their construction, we think we ought to have much more.

It is confidently asserted by the press of St. Paul, that the opening of the Railroad to Breckenridge, will commence a new era in the history of that city, and that the effect of the enterprise will be "to give its trade and growth a new impulse." We do not doubt this, but feel equally sure that the day we have a Railroad opened between Canada and Fort Garry, will usher in better times for our Dominion, and particularly for its importing cities. No doubt such a road will cost considerable. But why not act on the American system, and give grants of land to some enterprising company which will undertake to construct it? We can't afford, at any rate, to see American Railways taking off through Minnesota, trade which should be ours, and we the enterprise to attempt to grasp it. The Americans, as we have seen, will tap Red River by steam before next winter. When will the Canadian Pacific Railway touch Fort Garry? That's the question of the hour!

RESIGNATION OF MR. ROSE.

THE country will have heard with a good deal of surprise the reported intention of the present Minister of Finance to resign office for the purpose of taking a position in a London banking house doing a large business. We take for granted that Mr. Rose has consulted his pecuniary interests in thus severing his political connection with Canada—the emolument of office in this country not being of the most magnificent character—and we wish him every success in the new sphere of life which well-authenticated rumour says he has chosen for himself. For ourselves, although differing from Mr. Rose on not a few important points, both political and economical, we regret that he has decided as he has done. Whether as minister or politician, his absence will be felt, and it will be no easy matter to fully supply his place. He has held office, at least as head of the Finance Department, for too brief a period to thoroughly test his powers as a financier. That they are of no mean order, however, has been made manifest, and they are the more noticeable in him, from his professional training not having been calculated to develop talent in this direction.

It is not yet made known who is to be offered the vacant place in the Cabinet, and rumour is busy with several prominent men. Sir Alexander T. Galt, of course, is spoken of, and we also hear the name of Mr. Brydges mentioned. We hardly think it likely that Mr. Brydges would be so self-sacrificing as to surrender his position in the Grand Trunk Railway Company even for the sake of a Cabinet place and \$5,000 a year; but we consider that he would be admirably fitted, from his character and experience, and from his thorough acquaintance with the trade and commerce of Canada, and all its resources, to undertake its financial management, and we venture to indulge in the hope that if the offer be made to him, he may see fit to accept. Of course he would have to resign the management of the Grand Trunk, but he could not resign it at a time more favorable for himself. He has succeeded in placing the railway in a more prosperous position than a few years ago would have been thought possible and no has been triumphantly vindicated from the charges brought against him, he could now lay down the trust committed to him without the possibility of a suspicion that he did it other than of his own free will, and find his services all the more highly appreciated by those who were just about to lose them.

We believe Mr. Brydges is a more decided free-trader than would be acceptable to the manufacturing interests, but as the necessity of raising a revenue is urgent, it is not likely he would, if entrusted with the framing of our tariff laws, risk any experiments in the direction of greatly reduced duties. We think it probable, whatever course of policy he might lay down for himself, he would follow it steadily, without allowing himself to be unduly influenced by outside pressure, and it is of the utmost importance that there should no further tinkering of tariffs, but that some settled principle should be adhered to, and some character of stability be given to the laws by which trade is to be governed.

BANKING SYSTEM OF THE DOMINION.

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ANOTHER objection made to a system requiring banks to deposit bonds with Government as security against their circulation, is that a very large amount of the loanable capital of the country would be withdrawn, and that this would cause widespread distress and prostrate almost every branch of trade. Let us see what would be the apparent amount that would be withdrawn from the banking capital of the country. Bank note circulation at the present is exceptionally low, so we will take a period when such was not the case. Turning to the published statement for March, and omitting the New Brunswick and Nova Scotia returns which were incomplete, we find that on 31st March the bank circulation of the provinces of Quebec and Ontario was \$9,100,040, and at the same date were held Government securities to the amount of \$3,300,206, leaving \$5,799,834 as the amount to be supplied to maintain a circulation of the same extent. These amounts would not, however, according to our view be all abstracted. The Government would in the first place receive this amount, placed to their credit at their bankers, from time to time, as the banks found it convenient to purchase bonds, or as the law com-