

who need constant watching. This is the theory on which the Department of Customs is administered.

The importers in the instances to which we are referring are willing to pay duties on the actual value of the articles in the country whence they come, as provided for by the law; and the ground of their objection is that the Government has, at the instance of the Canadian manufacturers interested in limiting these importations, put an excessive estimate of value on them, and has refused to entertain the most positive proof of the unfairness of its action. The reason for its attitude is given by the Manufacturer; it is because it regards the importers as rascals, thieves and perjurers, not entitled to consideration.

As we understand it, the theory on which the Department of Customs is administered is that where ad valorem duty is imposed upon imports, such duty shall be collected. The method of obtaining knowledge of the value of the imports is established by law, which the Customs officers are bound to observe. The only question, then, between the Customs officers and the importers, as alluded to by the Herald, is whether the spirit as well as the letter of the law is observed; and in deciding this question there is no necessary suggestion or intimation of dishonesty on the part of either the importers or the officers. The law says that the fair, general and usual price to consumers, or in the trade, in the country of production, shall be the value for customs purposes of the article imported. The contention of the importers in some of the cases alluded to by the Herald is that the price paid by them for their goods in the country of production shall be the true and only standard to be observed by the Customs officers in collecting the ad valorem duty.

It is quite evident that if this contention prevailed great injustice would result. No doubt the Herald has knowledge of instances, as we have, where merchandise has been purchased in foreign countries for export to Canada, at prices far below what the producers thereof would sell for consumption in their own country. Such circumstances are in the nature of relieving an overstocked market. The manufacturer there would not find it to his interest to depress the price of his own product in his home market, for doing so would unnecessarily establish a price at which there would be no margin of profit whatever, and which would naturally lead to the closing down of his works. But he might afford to dispose of his surplus product at actual cost, or at a sacrifice even, if it was to be taken out of the country. When such a circumstance occurs—where his product is sold at or below cost to be exported to another country, to Canada for instance—it would be manifestly unfair to the Government, and also to the Canadian manufacturer of a similar product, that the slaughter price should be the value for duty; and it is this view of the case, we imagine, that the Customs Department take in such transactions. The slaughter price is not the fair market value of the article in the country of production, as the law specifies; and the importer, having obtained the advantage of the slaughter price in the foreign market might well be satisfied with that circumstance, and not endeavor to force the Customs authorities to accept the prices stated in his invoice as the correct valuation for duty. But this insistence is made in certain cases, and it is in some of such cases that the importers are invoking the order of the courts to compel the acceptance of their views by the Customs authorities.

It is plainly to be seen, we think, that if such a view is to prevail, and that the price shown in the invoice is always to

be accepted by the Customs officers as the valuation for duty, the door would be open for the perpetration of the grossest frauds upon the Revenue of the country, and the most oppressive injustice to our own manufacturers. And this injustice would extend also to other importers. Two Canadian importers might on the same day, in the same foreign country, purchase identically the same article of merchandise, one purchasing in the open market at the price prevailing there at the time, the other from a producer possibly upon the verge of bankruptcy, but who might be saved therefrom by a ruinous sacrifice of his goods. Both the transactions would be perfectly fair and legitimate; but when the merchandise was placed on sale in the Canadian market, the importer who had paid the lower price would evidently have an advantage over the other. But why should he not pay as much duty as the other? In this suppositious case there is no suggestion of fraud.

On the other hand if the price stated in an invoice must be accepted as the correct valuation for duty, without reference to the market value of the article in the country of production, what assurance could the Customs officers have that any invoice was absolutely correct and truthful? There would be no other evidence as to the value of the merchandise than the oath of the importer; and if he should declare that his purchase was made at a slaughter sale, who should say him nay? Or what would there be to prevent collusion between the seller and the buyer in the foreign market, by which the price stated in the invoice would be fictitious, untruthful, and intended to deceive the Customs officers? The Herald knows as we know, that such things occur. An honest importer would not lend himself to such a practice, but the Herald knows, as we know, that all importers are not honest. If, then, such a practice is countenanced it is evident that the honest importer will be at such a great disadvantage as to force him out of competition with the dishonest importer. Surely our contemporary cannot fail to comprehend that such a system would be demoralizing in the extreme.

The Herald graciously informs us that the importers to whom its article alludes are willing to pay duties on the actual value of the articles in the country from whence they come, as provided for by the law. That is right; but it must not be expected that special values, or prices paid at special sales, and far below the fair and usual market price will be accepted. The law says that the value shall be assessed in another way. But because Canadian manufacturers ask for a fair and uniform method of valuation upon exports, for the reasons as herein set forth, and as maintained by this journal, the Herald declares that we regard all importers as rascals, thieves and perjurers. There is no argument in such language. It knows that what it says is false. It knows that in attributing such sentiments to us it wilfully ignores decency, truth and common sense.

PROTECTION AND SHIP-BUILDING.

The New York Tribune says it is by the policy of subsidizing mail steamship lines that Great Britain has built up the greatest mercantile marine in the world. "There is scarcely one British trade route," says The Tribune, "that is not marked from end to end with postal subsidies and other forms of encouragement." The Tribune should know that the policy of protection simply abolished the mercantile marine of the United States, when it promised in a few years, if let alone,