

WHAT WE SHOULD MANUFACTURE.

The *Hamilton Spectator* declares that it has demonstrated that protected manufactures are not dearer to the consumer than unprotected. There seems to us a happy sufficiency in the assertion. But we accept one portion of our contemporary's statement as quite sound, i. e., that the people of a country should be encouraged to produce those things which they can produce just as well and cheaply as anybody else. But the difference would be in the test to be applied. If England can produce cotton goods, for instance, and send them across the Atlantic, and, after paying freight, lay them down here at a price against which Canadian manufacturers cannot compete, unless any other Canadians are made by means of a duty to pay a higher price or deal exclusively with them, is that not proof that we, in Canada, cannot produce that article so well and cheaply as England. We accept it as such; but protectionists have a variety of ways of evading so simple a test and demonstration. Another simple test is whether we can produce any article so cheaply as to be able to sell it in a third market where some other country does so. If we can compete, for instance, with Britain in the United States or the South American markets, or with the United States in any other market, as we do now in wheat, lumber, &c., that is proof of the proper capacity to produce, and the healthiness of the industry. It is found in all countries—in the United States with its forty millions of consumers as well as in Canada with its four millions—that the home market is never sufficient to satisfy the enterprise of large establishments. So in Canada arises a cry for a Zollverein, and in the United States, for a reduction of taxes which will enable manufacturers to produce cheaply enough to secure customers in foreign markets. A monopoly of the home market never contents them, nor do we think it should, but in order to find other markets there must be cheap production. If unprotected competition against others in one's own market is impossible, how can it be possible in a foreign?

RAILWAY CONTRACTS.

There have been some vehement protests made against the plan adopted by the Commissioners in letting the contracts for the Intercolonial Railway, brought out by the abundant nature of their work by one contracting firm, and rumours that others were likely also to follow. It is urged in some quarters that they should not have accepted any tenders for sums much below the estimate of their own engineer. To adopt such a rule would be difficult for the directors of a private company, and expose them to accusations of favoritism. But for a quasi-political body, such as the Commissioners for the Intercolonial, to do this, would have led to terrible outbreaks about favoritism, jobbery, corruption, &c. &c. No one would have been satisfied except the few who got the contracts at remunerative rates; and both the Commissioners and Government would have been covered with opprobrium. The only way to satisfy the public was to allow all men of good financial standing to tender and accept the lowest among them. So far as toward a system will involve, it seems, some delay in the execution of the work. It should never be attempted where saving time is of a great importance. But in this case time was not of vital importance, and the proper course was pursued. If contractors of standing like those who have these contracts, are such fools as to tender at rates at which it is impossible to do the work, they must bear the consequence. But will they? The Commissioners have reserved the right to hire other contractors to complete the work at the expense of those who fail to do so in time, or abandon it in despair. Can the difference of cost ever be recovered from them? Probably not. But something may and should be in all cases taken to dispel forever the notion which has, heretofore, been too prevalent, that if a man only secured a government contract at any nominal price, he will get fair remuneration for his work by charges for extras and appeals and misrecognition. It is a maxim with some people that no government can afford to be so glibly as to take people's money and work and not pay them in full. The rule is a sound one where there has been honesty on the part of the party who has done the work. But to tender at impossible rates only to get work into their hands, is a sort of fraud, which has been too common, and which it is quite time to visit with penalties. We do not urge the execution of "the pound of flesh," of absolutely running men by

stripping them of all they have, but no man should be relieved of his contract and its penalties without conclusive proof of actual and serious losses already incurred.

RAILWAYS IN THE UNITED STATES.

A NEW York contemporary estimates that there are now in the United States 26,000 miles of railway opened for traffic. The first steam railroad in the United States was constructed in Massachusetts in 1826. Pennsylvania followed in 1827, Maryland in 1828, New York in 1831, New Jersey in 1831, South Carolina in 1822, and in 1835 railroad building had spread to all the old States, and 368 miles were in operation. The railroads of the country increased gradually from 1835 to 1848. The smallest increase for any one year with a that period was 163 miles, and the largest 711 miles. From 1849 up to 1853, inclusive, increased energy was shown in railroad building, and roads sprung up rapidly in all sections of the country, during the decade the largest increase for any one year was 2,343 miles, and the smallest 1,329 miles. The breaking out of the rebellion for a time checked railroad enterprises, especially in the Southern States, and from 1861 to 1864, inclusive, the increased number of miles in each year was comparatively small, and formed a striking contrast with any of the previous ten years. After the closing of the rebellion railroad enterprise took a new lease of life, and from 1865 to 1869 railroads have been rapidly on the increase. The year 1869 is most conspicuous in new railways, and it is estimated on reliable authority that there are now 26,000 miles of railroad in operation in the different States and territories. They have constructed nearly eight thousand miles of new road during 1869. If we estimate the cost of the 7,746 miles constructed and equipped during the year at \$19,000 per mile, a fair estimate, then the country has expended over three hundred millions of dollars for railroads within the year. The great event of the year 1869 was the completion of the Pacific railroad, and the success which has attended the operations of the Union and Central Pacific companies has undoubtedly stimulated like enterprises all over the country, but more especially in the Western States. The following table shows the number of miles of railroad in each section of the country, January 1, 1870, with the ratio of one mile to the number of square miles of territory and number of inhabitants.

SECTION	Miles of Railroad	Ratio of one mile to square miles of Territory	Ratio of one mile to number of inhabitants
New England States	4,018	14 18	835
Middle States	9,765	10 68	1,699
Western States	10,889	36 94	731
Southern States	10,663	70 23	969
Pacific States	889	446 24	879

The official figures for January 1, 1870, are not made up, but they will show, as stated, about 5,000 miles of railroad in operation which will make some material changes in the ratio to square miles and inhabitants.

THE GOVERNMENT BANK ACCOUNT.

It should be a maxim with Governments so to adjust their incidence of taxation and their financial arrangements, as to interfere as little as possible with the free course of industry and of trade. We have endeavoured to show from time to time, the evils flowing from high protective tariffs, as tending to create monopolies, and enhance the cost of living in a country. There is another evil which seriously impairs trade, which has grown out of the method of keeping the Government banking account. The fact that all Government money goes into one bank, is likely to tempt it, if not well managed, into reckless speculation—if well managed, gives it a great and unjust power over the other banking institutions of the country. It is not right that Government should take the Custom duties out of one bank, only to deposit them with another, to increase the facilities which that bank can offer to its customers, and by so much to decrease the facilities which the former can grant. Why should B. who banks with the Merchants, be made to feel that the cheque he draws for Customs duties, which may not be needed by the Government itself for weeks or perchance months, must needlessly lessen his bank's power to assist him during that period while adding to the power of the bank of Montreal to help A. his rival, who banks there? Why should not that money be in his hands, or, what is nearly the same thing, in his own banker's, until the Government wants it? Why should not the payment be made by a transfer to the credit of the

Government in that bank on which he draws his cheque? The Government really levies a sort of differential duty upon those who bank elsewhere than with the institution which it pets. If such a form of taxation were embodied in an Act of Parliament, or clearly stated in an Order in Council, all the world would clamour against it. It is only because it is not "so writ down" and is not therefore understood, that people submit to it. The answer of Finance Ministers has always been two-fold. They say—we must bank with those strong institutions, who can afford, and will grant us accommodation when we want it, and the multiplicity of accounts would involve additional complexity of book-keeping, and very likely confusion in the Finance department. Now this latter argument amounts really to this. "It is better to disturb the banking arrangements of a majority of business men, than impose some extra labour upon the Finance department." Is that a good answer to a very prevalent complaint? Is it not, in fact, when thus stripped of disguise, a puerile answer? And for the other: Is one bank less able to grant accommodation to the government than all would be? Is a part greater or stronger than the whole? True, the accounts in this case, as in the other, will be more complicated. The working of the arrangement will involve some additional trouble to the Finance Minister and his department. But assuredly the gain to the business community is very much more important than the cost would be. But, it may be urged, that it would not be wise to trust government deposits in all incorporated banks. Provide then for periodical inspection by a government officer, such as exists in some of the United States, and refuse the government account to all banks either declining to submit to government inspection, or from inspection appearing to be in an unsound condition. Thus you may secure safety. The object to be gained is an important one, and a few difficulties of detail ought not to prevent its accomplishment.

THE RED RIVER TROUBLE.

We have said little during the past few weeks regarding the state of affairs in the Red River territory. This has arisen not from lack of interest in the singular events transpiring there, but because it was difficult to get at the real facts necessary to enable one to form a correct judgment. The return of Governor McDougall and party, Colonel Deans and others has served to quicken public interest in the so-called insurrection, and has thrown some light on the outbreak and aims of Bruce and Riel, but there still appears something almost inexplicable about the whole affair.

If agitation against the transfer of the territory to Canada had taken place before Governor McDougall was on his way to Fort Garr— we could understand the difficulty. If Bruce and Riel desired Annexation to the United States, the cause and object of the trouble would be easily comprehended. But no murmurs preceded the coming storm—the outbreak seems to have been sudden and unpremeditated—and its leaders distinctly disavow any intention to change their allegiance from the British crown. Under these circumstances, we cannot rid ourselves of the idea, that the outbreak is mainly due to misunderstanding—that it is the action of a sensitive and impulsive class, acting under misconception of the real aims of our Government, to secure certain crude and ill-digested terms, by means of which it is hoped they will be able to control the future administration of the settlement. It may be that personal ambition has something to do with it, and that Bruce and Riel have been allured, by temporary success, to entertain less laudable designs, but that the rising was modelled after the Spence fiasco, and at first designed simply to secure "better terms" from our Government, we strongly incline to believe.

The act passed last session for the temporary government of the territory, and the approach of Governor McDougall, with a "ready-made" council, seem to have led the people of Red River, not the French half breeds alone, but some English as well to believe that the colony was not, at least for a long period, to have representative institutions. Then their pride was hurt by the assumed superiority of certain "bloods" unfortunately sent out by our Government as officials, their fears became alarmed about their lands, as a bevy of unknown surveyors began to enter and carve them at their wills, and instigated by a few designing traders, some of whom are Americans at heart, who pictured the heavy taxation they won't