

tain that with a good harvest they would have been still more so.

The most important item in the trade of the country is the cotton trade; and here again, although the figures appear very large, there are reasons why an uneasy feeling should exist. The imports of raw cotton into Liverpool this year have been very large, and the price has actually receded a good deal, but for many causes the price of manufactured cotton has declined in a greater ratio, and at present one of two things must happen, unless, of course, the foreign demand for our cotton manufactures should revive, either the price of cotton wool in Liverpool must give way, or the spinners and manufacturers will generally go on short time. At present there is no margin for profit in the manufacture of cotton, and as stocks are accumulating, there can be but one of the two solutions of any further continuance of the same tendency in trade.

The returns from the Bank of England for this week are as follows:—

	Amount.	Increase.	Decrease.
Public deposits.....	£ 6,161,000	£390,000	£.....
Private deposits.....	18,263,000	817,000	.....
Government securities	12,846,000	176,000	.....
Other securities.....	19,186,000	1,000	.....
Notes in circulation...	22,477,000	.....	477,000
Bullion.....	18,176,000	428,000	.....
Reserve.....	10,689,000	900,000	.....

These returns are very favourable, and the various items are returning to their normal condition. In no former period of panic have the circulation and the private deposits so long remained upon their usual level.

The following are the Bank of France returns:

	Increase.	Decrease.
	Francs.	Francs.
The Treasury Balance.....	1,900,000	.....
The Private Accounts.....	23,800,000	.....
The Commercial Bills.....	22,333,000	.....
The Notes.....	11,750,000	.....
The Cash.....	17,800,000	.....

This return is also favourable, and the cash in the bank shows a large increase. H.

December 1st, 1886.

PROTECTION OR FREE TRADE?

(To the Editor of the Trade Review.)

WILL you allow me to notice what a correspondent, in the last number of your paper, says upon this question—viz., that my reasoning in behalf of protection, "though plausible, is unsound; and any one being led away by it is so misled, because he has not given it sufficiently careful study."

It would appear that our variety of opinions arise principally from the different ways in which we severally place our facts before the public.

Some of the free trade texts and maxims are such that, in the abstract, no one will pretend to deny their truth; but if they are placed together, and taken in connection with the whole circumstances of the country, not only do these individual propositions become unsuitable, but positively incorrect.

An exemplification is to be found in the following extract, where your correspondent sums up the contents of his letter. He says:—

"The whole question may be thus summed up. So long as manufactures can be imported from abroad more cheaply than they can be made at home, their compelled production is a loss, and not a gain, to the country. The fact that they need protection is strong *prima facie* evidence that they cannot be carried on profitably; and the doctrine that it is one's duty to encourage home manufactures is one of the popular delusions that are gradually becoming exploded as the light of more widely diffused knowledge is thrown upon them."

Here are expressed, in very few words, the pith and marrow of free trade doctrines; let us, therefore, examine their claim upon the attention and belief of the inhabitants of Canada. I cannot admit, as good argument on these questions, the promulgation of unsubstantiated theories. Everyone has a right to his own ideas as to how a country's policy should be shaped; but mere theories are worth very little, and the facts are all on our side.

Will your correspondent say that any less money will be required by Government, under his free trade system, than during a continuance of a protective policy?

Will he say which would be the easiest way for each of us, individually, to pay this money to Government?

Will he deny that, other things being equal, we had better have manufactures, and plenty of them?

Will he leave theorising, and point to some ex-

amples, showing the beneficial workings of free intercourse in trade? Will he say that there is now such a 'thing existing as perfect free intercourse between any two nations; and will he not have to admit that, in case of our adopting his ideas, Canada would, at her own risk, experiment for the benefit of the rest of mankind?

It will not strengthen his argument that the United States have, at times, favoured low duties; for that would have been entirely different from free trade. It is, moreover, now well known that her every approach to free trade was attended with disaster to her internal progress. The experience of Canada is short-lived; but even her career may afford instruction on these points. Her course up to 1850 was marked by unsuccessful struggles to pay for the large importation of goods to fill those wants which, since then, have gradually been supplanted to a greater and greater extent within herself. We naturally, then, look abroad among the old established governments for data on which to form sound judgments.

We see that their policy has invariably been to protect themselves and their people, in their own several and peculiar branches of industry, and to guard jealously against their market being made use of by the foreigner, to the detriment of native industry.

First, with regard to England. Her policy has been "protection to home industry" from the time that the law was made "to prohibit the erection of mill or other engine for slitting or rolling iron, or any furnace for making steel in the colonies, under penalty of £200;" when it was said that "we ought always to keep a watchful eye over the colonies, to restrain them from setting up any of the manufactories which are erected in Great Britain, and any such attempts should be crushed in the beginning."* From such times, even to the present, has this policy never been lost sight of. When she gradually changed her tariffs she made no sacrifice, as the duties she threw off from manufactured goods had ceased to be protective, and the removal of imports from raw material and food were a most efficient form of protection to her manufacturing classes. Under the name and semblance of free trade, she, in fact, derives the largest revenue, from imports laid upon foreign trade, of any country in the world, the United States, since 1864, only excepted.

She, having nursed her own home industry up to the perfection we see, finds herself in a position to manufacture for the world; her interest is, therefore, to extend her field, and gain an entrance for her goods wherever it is possible to introduce them. This is her side of the case; and we in Canada have been plied with argument upon argument to show that we should adhere to the plough to give her cheap bread, while she supplies us with those manufactured articles that we can bring to perfection if we have only the opportunity for doing so.

We have our own manufacturing interest to foster; we also require field for our enterprise—want of field is our greatest and ever recurring want—and the question at once presents itself, how far is the indiscriminate introduction of foreign goods compatible with the best interests of our country? In the experience of Great Britain's neighbours we may, without cost, learn some valuable lessons for our own guidance.

In speaking of the untiring efforts that Great Britain made to obtain entrance for her manufactures abroad, Mr. Gladstone said:—"Between 1841 and 1845, I held office in the Board of Trade. * * * The task was plied on our side with sufficient zeal; but in every case we failed. I am sorry to add my opinion that we did more than fail. The whole operation seemed to place us in a false position."

And it need not be a matter of surprise that they—the continental nations of Europe, and the United States—should see in these endeavours nothing beyond a selfish desire to advance her own interests; for they were well aware that, had they acceded to England's entreaties, she would have manufactured for them to the end of time. Their answers were in the main, and, substantially, "that she was now all ready to occupy their respective fields, while they were not prepared to enter hers—that when their own manufactures had attained to greater strength, they would reciprocate." France has kept her word, and now admits a special list of English goods at a reduction to 25 per cent. duty, in return for the free entrance of a much larger list into England.

Canada is not only in the position, with regard to England, that these countries were, and are still; but

the danger of a single step further in the direction of absolute free trade is, that we have already reciprocated till we derive a smaller proportion of revenue through our custom house than Great Britain does from hers. Further liberality than this would seem out of place when our liabilities, and our resources for meeting them, are fairly taken into consideration.

On the decision of these questions, for right or wrong, hangs much of our country's future. Shall we abandon a system of tariff duties that would soon have given us all the revenue our necessities required—one that is in collection of easy application, and not expensive. Shall we resort to a mode of direct taxation, for which no precedent exists and for which no provision has been made. Shall we enforce, through unpopular means, and in an inconvenient manner, the levying of the very same tax, in large sums, that is now given voluntarily, and by such small degrees as to be of no inconvenience to the payer. Shall we, in pursuance of a theory yet untried, proceed in contempt of all history and experience; shall we adopt the free trade scheme, suffer our rising manufactures to languish and die, and become wholly agricultural people; and shall we pursue a policy chiefly beneficial to other nations, while we suffer our own operatives to starve, or seek the protection of less enlightened countries? Or shall we, on the other hand, firmly adhere to that measure of protection of home industry, which, under wise legislation, can alone give to British America a future worthy the land she sprang from?

F. A. WHITNEY,

Secretary Association for the promotion of Canadian Industry.

Toronto, Dec. 12, 1886.

B. N. AMERICAN CURRENCY.

[To the Editor of the Trade Review.]

THE adoption of an uniform currency for the new Confederation would, no doubt, be one of the subjects to receive the early consideration of the Confederate Parliament, so as to remove the evils attendant upon the present state of things as so clearly set forth by your correspondent "New Brunswick."

The main question would be, whether this currency should be uniform with that of the neighbouring States, as ours is at present, or should it have the British currency for its basis,—in fact, to adopt the system at present in use in Nova Scotia.

This latter seems to me the most desirable plan—retaining the dollar as the unit—for I think the decimal system is not to be abandoned, although much may be said in favor of the duodecimal, but certainly not in our case, for it would complicate all transactions with the States.

Had our old intimate relations with the United States under Reciprocity continued, the adoption or continuance of their standard would scarcely have been doubtful, but in our altered relations with them, and in the present state of their currency, it seems more desirable to base our currency upon that of Britain.

One great advantage attending the adoption of this plan would be, that we should be furnished with a silver currency without giving our neighbours all the profit, and we should also be freed from an excessive supply of the article. This would not prevent the establishment of a mint for British America as advocated in your issue of the 7th December, it would only settle the point whether the five dollar gold piece should be of the same value as the sovereign or of the half eagle. C.

NEWFOUNDLAND MINERALS.—Some important discoveries of minerals have been made on the northern and western shores of Newfoundland, chiefly through the enterprising exertions of C. F. Bennett, Esq. About 1700 tons of superior copper ore have been shipped during the past season from that gentleman's mine at Filt Cove. But, besides the copper, Mr. Bennett has discovered valuable deposits of coal and petroleum, and marble quarries of great extent and value. He is now making arrangements to quarry the latter on a large scale next year. Samples of the coal exhibited in St. John's resemble that from the Bras d'Or mines of Cape Breton. The marble is of various colors and qualities, and amongst those is the most valuable kind, white statuary marble, in large quantities, specimens of which, forwarded to England, have been pronounced by competent judges to be superior in fineness and color to the best Carrara.—*Haltias Citizen.*

* Gee, in his work on Trade.—His sentiment might be reproduced as those of the English manufacturers even of this day.