

to keep off American ground, as much as to swamp small producers at home. Attempts to keep up the price under such circumstances are not hopeful. The failure was recently announced of a Pittsburgh firm, who bought 60,000 tons of pig iron at \$25, and held it against a decline to \$20, thus making a loss of \$300,000. Among the causes of this trouble in iron, the check in railway building is no doubt the chief. If railway men and capitalists think it for their interest to contract building operations, and to build this year only one mile of road as against two miles the year before, nobody can force them to keep expanding against their will. But it is railway expansion that more than anything else creates the demand for iron, and when the former slackens the latter must fall off too. There is absolutely no help for it. If the whole railway building of ten or twenty years were equally spread over the period, giving the same mileage or the same consumption of iron for each year, the demand would be steady and prices much the same. But that is not the way the thing works. It does not work evenly, but by alternate hot and cold fits. From the beginning of 1874 to the middle of 1879, during the time of depression, railway men would scarcely lay out money enough to keep their lines in fair running order. After that came a great "boom" in railway building, but now it seems as if railway men think they have gone far enough with the "boom," and must slacken up. There is this contingency to be considered, that present low prices may tempt some of them to go ahead now with enterprises which otherwise might have been postponed for years. But this is something that only time can develop either one way or the other.

#### WHERE PROTECTION SUCCEEDS.

On another page we print an article from the *Chicago Tribune*, relating to the effect of protection on the iron trade in the United States. The argument is, that protection is proved to have failed because under it the price of iron has gone down to figures at which there is little or no profit in its manufacture. Pig iron, which stood at \$26 in January, 1882, is now down to \$20. As a consequence, not only do the profits of furnace owners disappear, but workmen's wages must come down. The capacity of the furnaces to produce has gone beyond the country's capacity to consume. And protection is held to be a failure, because it does not suffice to keep iron up to high prices.

We copy also an article from the *Hamilton Times*, on the present low price of refined sugar, and the temporary shutting down of the St. Lawrence Company's refinery in consequence. Protection has led to over-production, refined sugar has become too cheap and the supply is too abundant, therefore, says the *Times*, protection is a failure. What has happened with sugar must happen also with cotton before long; the point of over-production will be reached, and some of the cotton mills started by the N.P. will have to be closed. We put these articles on record in our pages so that our subscribers may have, for future reference, the new and extraordinary free trade argument therein set forth. After all, it is not strictly a new argument, for we have heard it before; but never before did it get the prominence which is now given to it by free trade advocates.

The old argument against protection used to be that it made commodities scarce and dear; and that it was particularly op-

pressive to the poor, through forcing high prices for the necessities of life. To wheel around and say now that it is making commodities too abundant and cheap is a startlingly sharp turn; but the free traders are able to take it, we see. What they call the failure of protection is on the contrary the best proof that need be wanted of its success. The point raised is one that will doubtless be frequently debated in future, both here and in the United States, but meantime we simply state it and leave it for our readers to think over.

#### A QUESTION OF TIME.

The fuss and fury with which the Finance Minister's announcement of an advance in the duties on agricultural machinery, waggons, &c., was met in some quarters is already dying out. Winnipeg agents of American manufacturers are now advertising that, notwithstanding the ten per cent. more duty, they will continue to sell at the old prices. This being the case, who pays the increase of duty, the American exporter or the Canadian consumer? This conundrum should receive the immediate attention of Professor Sumner, of Massachusetts, also of Canadian philosophers holding free trade views.

As for the result to settlers in the North-west it is only a question of time, and of very short time too. Perhaps Canadian manufacturers were caught napping; they did expect a big demand from the great country beyond, but they had no idea it would come so quickly and with such a rush. Next year, we should expect, they will be fully ready to meet it, and even this year they may prove not to be so far behind as has been talked of.

One thing there is which must soon make a great difference in their favor. They will be able to send their shipments for this season by the cheap water route to Thunder Bay, thence by rail the rest of the way, thus avoiding the long and fearfully expensive route by Chicago and St. Paul. That alone ought to count for a great deal in the fight.

Against Canadian-made agricultural machinery for the North-west, the most plausible argument used is that our manufacturers do not understand making the specialties required for prairie farming, whereas the Americans have been making, improving, and perfecting such machines for a quarter of a century, and know all about it. We can concede to this argument all the force that is due to it, and still believe that all the improvements devised by American makers during twenty-five years can actually be mastered and copied by first-class Canadian establishments in one year, or two at the farthest. And we have an idea that this view of the matter will be endorsed by practical men.

#### RAILWAY MATTERS.

The past fortnight has been an exciting one for those who take special interest in railway matters. The news of the final rupture of the negotiations carried on in London for combined action on the part of the Grand Trunk and Canadian Pacific Railways, alluded to in our last, is confirmed. A bill authorizing the C. P. R. to lease in perpetuity the Credit