

The Chronicle

Banking, Insurance & Finance.

ESTABLISHED JANUARY, 1851

R. WILSON-SMITH, Proprietor

PUBLISHED EVERY FRIDAY

Vol. XXIX. No 30.

MONTREAL, JULY 23, 1909.

Single Copy - - 10c
Annual Subscription \$2.00

UNITED STATES INDIFFERENCE.

FRENCH commercial interests are complaining bitterly that the United States Congress does not care the Duke of Wellington's "tuppenny damn" for whatever effects its tariff tinkering may have upon foreign trade. According to the Paris correspondent of the New York Evening Post, they look upon the United States as determined to break up the status quo, which French commercial interests generally would gladly keep. Apparently the United States contemplate raising the duties on many leading products from France to a point little short of prohibition. And, further, these vexatious duties may be made absolutely prohibitive by the proposed American maximum, if France does not put down her own duties on United States products to the minimum which she grants under special trade conventions, such as that with Canada. The one way out seems to lie along the lines of the provision in the Aldrich bill which leaves to the discretion of the President the putting in force of the prohibitive maximum toll.

At present France is herself discussing important tariff changes; and increases are proposed which would raise maximum tariffs to a rate 50 per cent. higher than the corresponding minimum—the present maximum rates being often only 20 per cent. higher than the minimum.

AROUSING ANTAGONISM.

AS regards the United States, French manufacturers and merchants favour an intermediate tariff which would leave matters practically as they now are. And they are hoping that the Aldrich bill will allow sufficient discretion to the President to make such a proposition workable.

But if not, they seem agreed as one man that France cannot concede minimum rates never before granted to the United States, merely in return for rates that, at their best, threaten to be higher all along the line than those now enforced.

A tariff war between the United States and France is not thought impossible. This was evidenced in the letter recently addressed by the Federation of French Manufacturers and Merchants to the government, with regard to the admission of United States Steel stock to the Paris Bourse. In which communication it was stated that an examination of the Aldrich bill had led to the conclusion that, unless some

change took place in the United States, French industry and commerce were bound to suffer gravely. And, in addition, this significant statement was made: "If, in spite of the efforts of our government, a tariff war should break out, we should find ourselves in the particularly painful position of furnishing money to the business of a country which would prohibit the products of our own industries."

CANADA STEALING A MARCH.

THE alleged indifference of Congress to trade relations with France is by no means shared by all United States manufacturing and commercial interests. This was evident from American press comments following French ratification of the Franco-Canadian trade treaty a week ago. As it is taken for granted that the treaty will be accepted and ratified by the Dominion Parliament when in session next fall, its practical bearing is being discussed in trade circles—especially by those concerned with the export of agricultural implements. And in the Congress conference this week, the terms of the Franco-Canadian rapprochement are likely being instanced by those who, like President Taft, are opposed to fence-heightening.

As to tariff revision in general, the Senate thus far seems to have taken as its motto that classic couplet from the Bigelow Papers:—

"We could talk agin tariffs but vote for a high un."

And call on all parties to build up our Zion." President Taft by his recent stand for free raw materials and lower duties has shown, to quote his own words, "a broader point of view than that of a single member of Congress in respect to the articles produced in his district." His theory is by no means that of the "insatiate protectionist." Instead, he holds that after an industry is protected by a duty equal to the difference between the cost of production abroad and the cost of production in the United States, the energy and enterprise of American business men and capitalists, the effectiveness of American labour and the ingenuity of American inventors under the impulse of competition behind the tariff wall, should reduce the cost of production; and that with the reduction in the cost of production the tariff rate becomes unnecessarily high and ought to be lowered.