

ESTABLISHED 1866

THE MONETARY TIMES, TRADE REVIEW

And Insurance Chronicle,

With which has been incorporated the INTERCOLONIAL JOURNAL OF COMMERCE, of Montreal (in 1864), the TRADE REVIEW, of the same city (in 1870), and the TORONTO JOURNAL OF COMMERCE.

Issued every Friday morning.

SUBSCRIPTION—POST PAID:

CANADIAN SUBSCRIBERS	\$2.00 Per Year.
BRITISH "	10s. 6d. Sterling Per Year.
AMERICAN "	\$2.00 United States Currency
SINGLE COPIES	10 Cents.

Book and Job Printing a Specialty.

PUBLISHED BY THE

MONETARY TIMES PRINTING COMPANY OF CANADA, Limited.

EDW. TROUT, President.

ALFRED W. LAW, Sec'y-Treas.

Office: 62 Church St., cor. Court

TELEPHONE: { BUSINESS AND EDITORIAL OFFICES, 1892
PRINTING DEPARTMENT, 1485

TORONTO, FRIDAY, FEBRUARY 12, 1897.

THE SITUATION.

The two Canadian ministers who have gone to Washington to feel their way on the reciprocity question, have fallen upon an evil time. They get to the American capital just when the Committee of Ways and Means is settling upon the lines upon which Congress will be asked to proceed in tariff legislation. It is assumed, to begin with, that revenue needs call for an addition of fifty or sixty millions per annum; and there is a disposition, even among protectionists, to make revenue deficiency the excuse for additional protection. To induce the farmer to support protection to manufactures, he is to be made to believe that the price of his wool will be made higher by a tax which is expected to yield from fifteen to twenty millions a year. For the same reason there is no disposition to reduce the duties on any agricultural products. The American farmer has been taught to believe that it is essential to the preservation of his interests that his products should be sheltered from the blasts of Canadian competition.

A deficiency in the revenue, or what can be successfully represented as such, though President Cleveland talks of a surplus, favors the demand for an increase in the Treasury receipts of the United States. For the nonce, it suits the protectionists there to masquerade as revenue tariff men. Our Government, too, as Mr. Fielding reminded us the other night at the dinner of mining experts, stands on a revenue tariff platform. But this common ground, if such it would prove to be on examination, promises nothing in particular in favor of common action in the way of reciprocity. Our delegates throw out hints to press agents that a large increase in exports of American manufactures would result from the reciprocity policy which the Ottawa Government would be willing to agree upon. As a means of getting the subject discussed, these suggestions may answer a purpose. But if, as Sir Richard Cartwright admits, the farmers on both sides of the line object to reciprocity, and our manufacturers also object, there is a vast force of antagonism to be overcome before any reciprocal arrangement can be made.

To listen to the advocates of high tariffs, on either side of the international line, the natural inference, if regard

were had only to the words used, would be that their attitude was chiefly altruistic. The wage-earner is represented as the man chiefly marked out for the benefits of the legislation invoked. The rate of wages is one thing, and the total cost of production another. Besides, wages and the relative efficiency of labor go together in an ascending and descending scale. An American consul points out that in Siam cotton operatives work for a few cents a day, and yet with the best machinery, and all the best possible appliances, cotton manufacturers there cannot make money, cannot compete with the most highly paid labor in the United States, and that labor is dearer at five cents a day than American labor is at the highest figures paid. The supposed necessity for evening up in such a case, to place American labor on the level of foreign, does not exist, and any levelling up would have to be made in the other direction. Even in the Republic itself, great differences in wages in cotton mills exist, and yet though Georgia and South Carolina pay much less than is paid in the East, the total cost of producing a yard of cotton is not more in the East than in the South. The fact is explained by the relative efficiency of labor.

Candid American writers are now beginning to admit, what Lord Playfair pointed out some years ago, that the relative efficiency of American labor in America often more than makes up the nominal difference in wages, as compared with what is paid in many other countries. But this efficiency will be put to a strain that may reach the breaking point, if the obstacles proposed are put in the way of American woolen manufacturers competing in foreign markets. They are willing that a high duty should be put on imported wool, in consideration of their getting a "compensatory duty" of four and a-half times the duty on wool. This would be compensation with a vengeance; but the question remains, how is the American manufacturer, with twenty cents a pound duty on wool, to capture the markets of South America?

Any scheme of commercial reciprocity must be considered as part of the tariff policy, as it would enlarge the free list, in certain directions. The Americans are anxious to supply Canada with as many manufactures as possible; but if there were no other obstacle to their obtaining free access, the American farmer would refuse to permit them to give the necessary equivalent. At present, local conditions greatly favor the American manufacturer in our market. He often supplies the essential parts of what our manufacturers make, such as the action of pianos, and they are put together here with whatever additions may be necessary. In this way, the Canadian and American manufacturers are joint workers. What the American supplies to be worked up in Canada generally comes in at a low duty or pays no duty at all; it is called, more generally misnamed, raw material. In this way, virtual discrimination against Great Britain is carried out. Both the American and the Canadian manufacturers like the arrangement; the American would like it better if he could get free ingress for the finished articles of which he now supplies parts to Canada. But this is just what the Canadian manufacturer resolves that, with his consent, the American shall never get. There is little chance for reciprocity, at present, on any conditions that are possible; none at all without an ominous list of manufactured articles. Owing to its position on this continent, and being first in the field as a manufacturer, the United States is apparently destined to play the same part towards South American manufacturers that she now does towards Canadian. There, as here, the process will be favored by the pressure of protectionist interests over free