

ished into thin air. The immediate cause of the Government's changes is, it cannot be doubted, to be found in the representations made by the proprietors and agents of the protected industries. These have visited Ottawa at all seasons and had ample opportunity for bringing their influence to bear upon the Ministers immediately concerned. Those farmers and other consumers whose dissatisfaction gave rise to the tariff-reform agitation in the first place, have, in the nature of things, had no such opportunity. How they will accept the result remains to be seen. The similarity of the course of events to that which has taken place to a much more marked degree at Washington, is one of its significant features. There, a Democratic Congress, carried into power on the crest of a wave of popular enthusiasm for tariff-reform, has proved unfaithful to its trust, and under the pressure of selfish interests and questionable motives, has mocked the hopes of the people by whom it was elected. Happily, there seems no reason to fear that sinister influences have been at work to any considerable extent at our own capital. But, in both cases, we are confronted with a phenomenon which to many seems ominous. It is seen that the few have the virtual shaping of the fiscal policy of the country in opposition to the views and wishes of the many. In both cases we shall have, probably, to wait until the next elections in order to discover whether political preferences on other grounds will have sufficient weight with the people to cause a majority to condone the offence against their authority, and submit to the high taxation for another term of years. The result will be instructive.

TANGLED POLITICAL ECONOMY.

To the Dominion Senate belongs, by common consent, the bad distinction of having emasculated and made inoperative the Anti-Combines Bill, introduced into Parliament a few years since by Mr. Clarke Wallace. Senator Reid has now before the Upper Chamber an amending bill, with the avowed object of undoing the mischief done on that occasion, and restoring the efficiency of the original measure. The real or fancied necessity for such a bill suggests some curious reflections touching the perplexities of modern economic legislation.

We hope it is unnecessary to say at the outset that we have no sympathy with combinations formed or used for the purpose of restricting production, enhancing prices, or crushing out opposition. Given the conditions which make such combinations possible, it is evidently the duty of legislators to devise some means for the protection alike of consumers and of the producers who are in danger of being crushed by the union of the conspirators, for such those who use their superior wealth or facilities to crush weaker competitors really be-

come. Restraining legislation in such cases is necessary also for the freedom of the public, who are in danger of being placed at the mercy of such combinations, so far as the right to procure and use the commodities controlled by them is concerned.

When the objectionable combination is made possible by the tariff legislation of the same Government and Parliament which sets about enacting laws for their repression, one singular phase of the economic wisdom of the law-makers of this enlightened and advanced age forces itself upon our attention. The very tariff which is imposed for the protection of the manufacturers of the given products becomes the most effective agency for the destruction of all of them, except the few who may have obtained in some way the advantage which enables them to unite their forces for the crushing out of all opposition, since, in nine cases out of ten, the removal of the protective duty, and admission of free competition from abroad, would render combination useless or impossible. The present Government has more than once recognized this fact and threatened to counteract the operations of combines by the simple expedient of lowering the tariff. Herein is one of the anomalies of the protective system. The strongest and most plausible argument in favour of such a system rests upon the theory that while the high tariff will keep out foreign products, so far as the protected article is concerned, and thus give increased employment to our own producers, it will at the same time so stimulate home production and competition as in the end to lessen rather than increase the price of the commodity to the general consumer. But it is evident that as this designed and stimulated home-competition becomes keen it tends to injure the persons engaged in it, either by over-production, which gluts the market and compels the factories to shut down for want of orders, thus throwing the workmen out of employment and producing commercial disaster, or by reducing their wage below the rate necessary for the support of their families. It is evident that, when this occurs, legislation has brought about a state of affairs which legislation is powerless to remedy. At least we do not remember to have heard it seriously proposed to enact a law to limit the number of persons who may lawfully engage in certain lines of production, or to compel the citizens generally to purchase larger quantities of such productions than they are disposed to purchase of their own free will. And these are the only ways which suggest themselves as possible, by way of counteracting the ruinous effect of the legislation in question by further legislation. Of course, if adequate foreign markets could be found for the surplus products, a happy solution of the problem might be reached. But unhappily for the accomplishment of this result by legislation, two are required to make a bargain. Apart from legislation, it usually happens that trade is impossible, unless re-

ciprocal, and to make it reciprocal generally involves loss of protection to some other industry.

At this stage what is more natural than that those who feel themselves being driven to the wall by destructive competition in a narrow market should set about seeing what they can do to help themselves. The means which most readily suggests itself is to combine their resources—we refer, of course, to the manufacturing capitalists, not to the workmen—for the purpose of lessening production and, by thus creating an artificial scarcity, raising prices. So far as this can be accomplished their end is gained. The increased price compensates them for the smaller sales. Of course many workmen will thereby be thrown out of employment, but that cannot be helped. Must it not seem hard to these producers to have the Parliament, which has shown itself powerless to help them out of their difficulties, step in with restrictive legislation to prevent them from helping themselves in the only way possible? And who is to draw the mathematical line beyond which they may not go in the process of limiting production and enhancing prices? So much for their side of the argument.

But another consideration of a much less selfish character, and of much greater cogency, presents itself to cause hesitation in enacting legislation in restriction of combinations. We refer to the obvious and immense saving in cost of production which can in this way be effected. What more sensible, what more praiseworthy, use of capital and brains can be imagined than that which, by dint of subdivision of labor, increase of skill, and economy of cost in distribution, lowers the price of the necessities and conveniences and even of the luxuries of life, bringing them within the reach of millions to whom they have hitherto been unattainable? The tendency to combination of capital and skill in immense establishments, with a view to lessening cost of production and improving quality of products, is one which is manifestly in harmony with the teachings of the simplest and wisest political economy. Governments and legislatures have need to be careful how they interfere with the operations of a natural law so well adapted to produce the most beneficent effects.

And yet, when the selfishness and greed of capitalists manage to make this very economic law an instrument of tyranny and oppression, it becomes obviously the duty of statesmen to interfere. The great problem is how to checkmate the selfishness and tyranny without hindering the operation of this most beneficent, natural, and economic law. The problem is certainly a hard one. Extraordinary wisdom will be required to find the right solution. Possibly those who would seek it in state control of either the means of production or the permitted combinations, may aim nearer the mark than most of us are willing to concede.