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THE SITUATION.

To a large extent the new tariff bill introduced into Congress, at Washington, is a revival of that which was distinguished by the name of McKinley. In the agricultural schedule, in which Canada is specially interested, the rates of that tariff are restored. From this schedule additional revenue of over $6,000,000 is estimated. The sugar duties are expected to bring an increase of over $21,000,000. The Sugar Trust is said to be strong enough to prevent any tariff of which it does not approve being passed. The profits of the Trust were last year $12,000,000. The differential in favor of the refiners is one-eighth of a cent a pound.

Two purposes, President McKinley's message to Congress informs the world, are sought to be accomplished by the new tariff: an increase of revenue, and such an arrangement of duties as will preserve the home market as far as possible to American producers. The two objects are in conflict with one another. The nearer the home market is monopolized by the home manufacturers, the less will the revenue on foreign imports be; total exclusion of foreign goods, which alone could give the home market as a monopoly to the home manufacturer, would cut off all revenue from customs. As a matter of fact, the McKinley tariff was not a superior revenue producer; it produced less in the first year of its existence by $50,000,000, than a tariff of a more liberal character.

The largest single item of increase in the United States revenue is expected from woolen manufactures: $27,000,000. The policy of making free a very large list of raw materials is wisely made a general feature of the tariff, but wool, agricultural products, wood and some other things, are presented as a marked exception, most of them being loaded with heavy duties. By such a policy the United States does its best to confine the distribution of its woolen manufactures to its own market. The duties on wool, which range all the way from one cent to fifty cents a pound, may serve the political object of making the native wool grower believe that the Republicans are his friends; but an industry burthened with such weights cannot make way readily in third markets against the competition of nations, which receive their wools free of duty.

The free list, in the new American tariff, is made up with great discrimination, and consists almost entirely of absolutely crude materials. Exceptions there are, but they are few. Partially advanced articles or pieces, which are destined to enter into other and complete manufactures, are, as a rule, subjected to a considerable duty. In this particular, the policy of the new tariff is directly contrary to the demands of our manufacturers to have partially manufactured articles, which they require to work up in what they make, treated on the favored footing of raw material. The Americans appear to act on the rule that whatever they import, which has had foreign labor expended on advancing it above the stage of crude material, should pay a heavy duty. But it is not difficult to account for this difference between the two countries. Most American manufactures are advanced beyond that stage when they are dependent on the manufactures of some other country carried to a certain stage short of completion, while Canada's are not. Americans make for themselves more frequently than we do all the parts of a complicated machine.

One aim of the new tariff makers was to substitute specific for ad valorem duties; but it has been found impossible fully to realize it, and double duties, one of each kind on the same article, not unfrequently appear. The compromise, if such it can be called, is not one that will suit importers, for while they desire ad valorem duties, they do not want them supplemented by specific duties. On the whole, the new tariff will suit the protectionists, the combines, and various kinds of restrictionists. It will not suit the importer, the consumer considered apart from the manufacturer; it removes to a greater distance the possibility of free trade between the United States and other countries.

Several menaces of retaliatory duties are made in Washington tariff schedules. Thus, if any country imposes a duty on petroleum or its products, then any crude petroleum which such country sends to the United States shall pay a duty of 40 per cent. There is nothing in this which should alarm us. The United States does not much need our crude petroleum, though she might find a new use for it if the discovery just announced of making solidified petroleum a substitute for coal, where extra heat is wanted, should turn out as expected. Sulphuric acid, which at a temperature of 60 degrees does not exceed a gravity of 88, is put on the free list, with the proviso that the sulphuric acid of any country which refuses to reciprocate this freedom from duty, shall pay a duty of ¼ cent. per lb. in the United States. Retaliation in kind would not be very effective where the tendency of the trade in the articles named is chiefly in one direction. When attempts are made to coerce Canada into sending certain articles of raw produce into the States on favorable terms, the fact shows how greatly they are desired. The desire to get our saw logs and wood pulp without export or discriminating duty. has caused to be inserted in the wood schedule a menace that, if such duty be imposed, retaliation would take the form of a 25 per cent. American duty on other kinds of wood enumerated. All this is left-handed reciprocity, or rather menaced retaliation, with interest liberally compounded. In this way the Washington tariff makers prepare for Canada a situation which we can meet in one of two ways, but which we cannot ignore.

The Canadian Pacific Railway Company having officially announced its intention to build the Crow's Nest Pass Railway, and further expressed the opinion that when built it will be a paying road, the necessity for Government