

The Monetary Times AND TRADE REVIEW,

With which has been incorporated the "Intercolonial Journal of Commerce" of Montreal, the "Trade Review" of the same city (in 1870), and "The Toronto Journal of Commerce."

ISSUED EVERY FRIDAY MORNING.

SUBSCRIPTION—POSTAGE PREPAID.

Canadian Subscribers \$2 a year.
British " 10s. sterling a year.
American " \$2.50 U.S. Currency

BOOK AND JOB PRINTING A SPECIALITY

Office—Nos. 64 & 66 Church St., Toronto, Ont.

EDWD. TROUT, MANAGER.

TORONTO, CAN., FRIDAY, JULY 22 1881

REFUNDING IN THE STATES.

The conversion of United States five and six per cent. bonds into three and a-half per cent. bonds has been remarkably successful. Precisely the amount of one class, the fives, converted is not yet known, though the option to exchange expired on the 1st July, and for the sixes the option still runs. To commence with, there were outstanding, on the 1st April last, \$196,000,000 six, and \$440,000,000 five per cent. bonds. Of the sixes, about \$180,000,000 have been converted; in other words, the holders of six per cent. bonds to this amount have preferred to exchange them for bonds bearing three and a-half per cent. rather than take the redemption money. The holders of nearly \$400,000,000 of the five per cents. have exercised the same option. Only about \$12,000,000 of the six per cents have been presented for redemption; and of this class there cannot altogether be more than about \$16,000,000, whose owners did not prefer three and a-half per cent., on government security, to the cash. Of the five per cents. it is impossible to say how many may have to be redeemed, for interest does not cease and the option does not expire till the 12th August. But it is reasonable to suppose that the proportion of the fives presented for redemption will be less than of the sixes. Of the \$630,000,000 that fell due and might have been presented for redemption, probably not over \$40,000,000 will have to be cashed.

These facts attest the eminent success of Secretary Windom's scheme of conversion. The conditions were all favorable to success. The United States early formed the habit of providing for the payment of its debts; and it is now repeating the operation on the grandest scale. Confidence in the stability of the government, which received a rude shock in the civil war, is completely restored. Of national repudiation there are no real fears, whatever may have been the behaviour in this respect of some State governments. The general scale of interest is low in all the

great money marts of the world. These were the conditions under which Secretary Windom commenced his refunding operations, and there is no cause for surprise at their success.

That part of the financial system of the United States, which consists in providing for an early payment of the public debt, is peculiar to that Government. It is practiced by no other. The tendency, in most nations, is to increase public debt, without making provision for payment, early or late. This difference must, in the end, tell largely in favor of the United States. It is already telling in their favor. They can now borrow at rates far lower than before the civil war. The resources of the country are at once great and varied; and the accumulation of wealth is rapid. The ability of the people to bear taxation is perhaps unprecedented; and their willingness to give of their substance, for national purposes, when occasion requires, is not less so. It is sometimes thought strange that other nations do not profit by the example of the Western Republic. But this would not be easy to many other nations overweighted with public debt. Few nations have the same resources as the States; and fewer still are willing to pay to-day debts that can be put off till to-morrow. But this example must one day tell, in some degree, though precisely to what degree, the future alone can reveal.

MR. BLAKE AGAIN ON THE TARIFF.

In a speech made at St. John, N.B., last week, Mr. Blake made an attack on the specific duties; showing, as can easily be done, that under such duties, the poor man pays proportionally more than the rich. It would, however, be difficult to get rid of specific duties; under them, frauds on the revenue are more difficult to perpetrate. Mr. Blake has somewhat shifted his ground since he made his notable speech in the Adelaide Street Rink, here. "I hope," he now says, "very soon that there will be a readjustment of the tariff that will ameliorate the condition of the poor man." "Can you protect labour," Mr. Blake asks doubtfully, or rather he does not doubt, for he gives a negative reply. As a matter of fact, few will doubt that labor is protected, in the protected callings, in the United States. It is quite true that "if the mill owner wants to employ labor he goes where he can get it cheapest;" but it is, as a rule, only true in a restricted sense. The mill owner, in America, does not, as a rule, seek labor in Europe, where he might get it cheapest; and as he pays more for labour than is paid in Europe, he does not go for labor where it is cheapest.

He seeks to buy it, in his own country, at the cheapest rate. Mr. Blake lays it down as "an admitted fact that the farmer cannot be protected." In things which the farmer produces in excess of the country's wants, he cannot be protected; but he can be protected in some directions. The tax on Indian corn may enable him to sell, in the home market, more of his small grains; but this advantage is purchased dearly, for he is debarred the use of imported Indian corn, on which, in feeding cattle, he might, if it were free, make a profit. Mr. Blake is opposed to the tax on flour; in which we are in accord with him; but of the coal tax, which is quite obnoxious, he says nothing.

In his Toronto speech, Mr. Blake took the ground that no government would be justified in altering the tariff, until full enquiry had been made as to its effect on the industries of the country. Now, he sees the necessity for readjustment; because, he contends, the present tariff "benefits the few at the expense of the masses." But, he thinks that, "after what can be done in readjustment, there will still remain enough protection to the manufacturers." This makes the question one of *measure* of protection; not a choice between Free Trade and protection. The reason why enough protection will remain being that "the large and heavy revenue that must be raised, will necessarily have to be obtained to a large extent on articles that are imported, some of which could be manufactured here in Canada." That incidental protection will necessarily result from any tariff we can frame for revenue purposes, is the contention of Mr. Blake. But in this he is certainly mistaken. There is no *necessity* in the case; it is all a matter of choice, except the amount of revenue. We could lay an import duty on articles manufactured in Canada; and we could get the necessary revenue just as certainly by putting on excise duty on the home product as without it. If we did that, we should take away protection; but we should get the needful revenue. Protection, in any form, is not a thing that necessarily flows from any tariff we may construct; it is purely a matter of choice, entirely within our own option.

CANALS AND RAILWAYS—RIVAL ROUTES.

The proportion of traffic which takes railways in preference to canals, in the United States, is constantly increasing. Last year, there was a slight change in favor of canals—2,512 against 2,373 in 1879—but it was only the momentary oscillation which marks the steady advance of railway over canal traffic. If we go back to 1869, and compare