

important part of Mr. Lowe's reply consists in the assertion that "his proposal, even if carried out, would be quite inoperative, because, when foreign countries protect any class of manufactures they thereby acknowledge that they cannot compete with us in our own or in any neutral markets, and that, by the conditions of the problem it is impossible that they should do so." To this Mr. Wallace gives this crushing reply: It must be known to Mr. Lowe that "such protected goods are imported into this country and do compete successfully with our own." We shall cite at length the most important paragraph in Mr. Wallace's article:

"Our total imports of manufactured goods (including metals), in 1877 amounted to £64,635,418, and almost the whole of these goods are protected in the countries which export them. Most of them, in fact, are sent to us because they are protected, the manufacturers finding it to their advantage to work to the full power of their plant and capital selling the larger portion of their output at a good profit in the home market, and with the surplus underselling us, which they are enabled to do because all the fixed charges of the manufacture are already paid out of the profits of the domestic trade."

We venture to give an illustration of Mr. Wallace's argument. Let us assume that there are two provinces with equal populations lying contiguous to one another, and having equal advantages as to obtaining raw material, labor, machinery and all other requisites, and both free from foreign competition. Let us further assume that, in one of these provinces there is free trade, and in the other a system of protection. The manufacturers who had the monopoly of their own home market would sell their goods at prices sufficient to cover all the fixed charges, such as interest on the cost of buildings and machinery, management, &c., &c., which would be the same in the adjoining free trade province. Let us assume these fixed charges at 20 per cent. on the selling price of the goods, and it will be apparent that the protected manufacturer could undersell in the free trade market and make a reasonable profit in addition to what he had already obtained in his own market, while his unprotected neighbor, excluded from the foreign market, would be driven out of the field in his own.

The same principle is being constantly applied to railway traffic. There are articles, notably coal, which could not be carried at all if the same rates were charged

on it by the ton as are charged on other goods. The fixed railroad charges being borne by the general traffic, any additional traffic that can be obtained at a profit on the cost of motive power is a source of gain, although the rates of freight would be wholly insufficient if the railroad had to depend on that traffic alone. The same principle governs what is known as the "through traffic" on railroads, which is most exposed to competition, and which would be lost if charged at local rates. There are often bitter complaints from those who have to pay higher rates per ton per mile, but it is contended that, but for the through traffic, it would be impossible to carry the local freight as cheaply as at present. The United States manufacturers of watches are able not only to monopolize their domestic market, but to send their goods to Switzerland, which for a long period of years was found to be the cheapest market for watches.

Mr. Wallace cites a passage from Cobden's political writings to the effect that the foreign commerce of England hangs on the prosperity of her manufacturing industries; in a word, he says, "our national existence is involved in the well-being of our manufactures," and "this mighty industry, on which depend the comfort and existence of the whole Empire, can only be torn from us by the greater cheapness of the manufactures of another country." Mr. Wallace argues that buying alone is not "trade," but only one half of "trade." To constitute free trade there must be free buying and free selling, as "the two together constitute trade." He is of opinion that Cobden "never contemplated the state of things that has actually come about, when, by means of protective duties and our open markets supplying all the world with cheap coal, iron and machinery, other nations have been enabled to foster their manufactures till they have reached such a magnitude as not only to supply themselves, but with their surplus goods, produced chiefly by means of protection, are actually able to undersell us at home." Mr. Wallace believes that if Cobden were now among us he would advocate some such course of action as he has himself proposed "in order to bring about those benefits to the all-important manufacturing interests of our country which the system of free imports miscalled 'free trade' has not procured for it."

—Forsyth's marble works in this city, together with a large amount of finished work therein, were destroyed by fire on Thursday morning. Loss estimated about \$50,000; insured for about \$36,000. The works will be re-built immediately.

THE BANK STATEMENTS.

The bank statements for June do not call for much comment. The circulation in every case seems to be fairly proportioned to capital; the deposits are evenly distributed, and, whatever street rumor may say, the exhibits show a commendable aiming at safety. The liabilities are increased \$2,611,223 for the month, and the assets, \$1,330,880. The circulation is larger by \$583,917, and the government deposits by \$203,814. The public deposits are \$2,443,622 more than shown in the May statement, and are slightly increased over June, 1878. The return on deposit of \$2,500,000 withdrawn in February and March, very likely for customs duties and margin on open credits abroad, shows the absorption by the country of part of the importations, and also the important fact that capital in business has not been seriously impaired by the depression of trade, as a nearly uniform amount of deposits prior to the moving of crops is reported for four consecutive years. Of the assets there is a decrease of \$56,177 in specie and Dominion notes, \$30,874 in loans to corporations, and \$205,426 in loans on Government stocks. Loans to the Government are increased \$367,651, and loans on stocks and bonds \$109,671. The discounts have been reduced by \$463,427, but the item of overdue notes is larger by \$66,404. The real estate held by the banks shows a decrease in value of \$237,185, which is rather more than fully explained by the fact that one bank has disposed of property to the amount of \$288,797. It adds to the confusion arising from this disparity to find that the bank premises of one institution have increased in value during the month no less than \$49,720. A striking and significant feature of the statements under review is a decrease of \$589,453 in the Directors' liabilities. In the following table the totals are grouped and compared so that the import of the figures may be readily understood:

	May, 1879.	June, 1879.	June, 1878.
Capital authorized..	\$62,966,666	\$62,966,666	\$63,966,666
Capital paid up.....	57,972,921	57,983,028	58,041,461
LIABILITIES.			
Circulation..	\$15,393,592	\$15,977,509	\$17,162,000
Government deposits...	5,515,594	5,719,408	5,821,000
Public Deposits.....	56,214,995	58,658,617	58,444,000
Due Banks in Canada....	1,820,897	1,935,094	1,857,000
Due Banks not in Canada.	2,008,981	1,364,873	1,564,000
Other liabilities.....	160,933	70,714	158,000
	\$81,114,992	\$83,726,215	\$85,508,000