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We regret to say Mr. J. J. Cassidey, editor of this journal, lies very ill at his residence, Howard Ave., Parkdale, this city, but we trust he will be at his post again before our next issue.

THE DRAWBACK OF DUTIES.

The steps taken by the Dominion Government in allowing a rebate of 99 per cent. upon the importation of material required in the manufacture of goods for export is a

most popular and desirable one. It will strengthen the manufacturers without injuring the consumers in even the remotest degree. It will promote our external trade without restricting the process of supplying the home market. It will please the protectionist without affording any ground for honest free trade criticism. It will enable a number of industrial concerns to add to their plants, increase the number of their workmen, and extend their business generally at a time when every little helps in the welfare of the community as a whole. And it will enable Canadian manufacturers, such as the Massey-Harris Co. and the Watrous Engine Company, to begin at once a more or less extensive manufacture for countries ranging from Southern America to the Antipodes.

The principle of rebate is a very old one. It is practised without stint in the French and other continental tariffs. It is a part and parcel of the American protective system and has not been criticised with any severity even by the so-called free traders. It was for centuries a most important portion of the protection which so built up and entrenched the industries of England. And it has been approved by prominent advocates of free trade as well as by protectionists. Adam Smith in his "Wealth of Nations" deals at length with the principle and its operation in his time. He points out—so rigid was the protectionist feeling at the close of the eighteenth century—that goods such as wrought silks, French cambrics, and lawns, calicoes, etc., could not have been imported at all, had not the drawback system allowed of their being brought to England for re-exportation. The customs revenue was thus helped to the amount of the duty retained and to his mind the policy tended to preserve the natural division and distribution of labour. He goes on to say that:—

"The institution itself seems reasonable enough. Such drawbacks cannot force into trade a greater share of the capital of the country than what would have gone to it of its own accord, had there been no duties upon importation. They only prevent its being excluded altogether by these duties. * * * These reasons seem sufficient to justify drawbacks, and would justify them though the whole duties, whether upon the produce of domestic industry, or upon foreign goods, were always drawn back upon exportation."

This is an important utterance from the High Priest of free trade upon a principle which forms a part of nearly all protective tariffs and which is of undeniable benefit to the industries of the country adopting it. And, curiously enough, in the same sentence with which he praises drawbacks, Adam Smith expresses the remarkable belief—one which could only come from a theorist—that protection might otherwise preclude the investment of capital in manufactures. The practice of the free-trade principle as a matter of fact is in the England of to-day rapidly driving capital out of industries as well as from land, and into all manner of strange and sometimes rotten foreign investments. But this in passing.

While very gratifying to manufacturers in general throughout Canada, the recent action of the Government is especially pleasing to this journal. For many years past through all the storm and stress of a prolonged struggle in the interests of national industry and development, the CANADIAN MANUFACTURER has consistently and continuous-