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## THE FREE TRADE FALLACIES.

In England the logic of Free Trade is being severely tried by the superior logic of events; and it can scarcely be said that it stands the ordeal to the satisfaction of its friends. Under the pressure of the time, they are being driven to the use of some arguments that look very weak when closely examined. For instance Mr. Balfour, recently, in the course of an indignant protest against the idea of taxing American exports, asked, "what effect would the tax have on the price of cotton?" What would the agitators put forward, he said—on cotton for the benefit of Lancashire, or on corn for the benefit of all the people? Now, that a proposal to tax foreign corn has been introduced is true enough, and the reasons for it are better than Free Traders like to admit. It has been a prevailing impression and one diligently cultivated by them, that the British consumer has been getting his bread cheaper, by an amount at least equal to the duty repealed. But the important fact has been proved that the very shilling of reduction to the British consumer there has been a gain of three shillings and more to the foreign producer. Since the change the British price has fallen a little, while the foreign price has risen a great deal. The proofs of this curious fact are interesting enough to be given at length on some day, and this we may do on a future occasion. Meantime it may be remarked that to the imposition of a moderate duty on foreign grain—say six shillings per quarter—there appears to be only one serious objection, and that is certainly one that would have to be considered. It has been said that the British agriculturist would immediately be seized upon by the landholder so that nothing for the general good would result. Put a duty on foreign corn, it is said, the landlords would simply take the rent in proportion, and the farmers would be just where they were before. We must admit the force

of the objection; but still it should not be deemed insuperable; and indeed public expectation is altogether at fault. If some remedy for the injustice practised under the existing land laws be not soon found. Were this secured, then, we say, the last rational objection to a moderate British duty on foreign corn would have disappeared. But will Mr. Balfour tell the country who ever proposed to tax American cotton? No British interest whatever would be protected thereby, for East India cotton, though used for some purposes, and to a considerable extent, is not and cannot be a substitute for American cotton. "O Lord, give us plenty cotton, but no 'Burrat'"—was the prayer of a Lancashire spinner in the time of the cotton famine. It is not creditable to Mr. Balfour that, for the purpose of making a point against the Protectionists, he should represent them as demanding what they are really as much opposed to as he is. In still another respect the ex-tribune of the English people, who now, strange to tell, is found stubbornly resisting the people's demands, is very much at fault. He says:—"To imagine that our suffering springs now from hostile tariffs is absurd, because we have had great prosperity under the same tariffs, but to suppose your case will be improved by refusing to buy what you want from foreigners to punish them for not buying freely from you seems to me an idea and a scheme worthy of the inmates of a lunatic asylum." It is evident that he is getting angry, apparently losing his temper from being on the losing side of the argument; and so he takes the rough and ready, but not very convincing, method of waving troublesome opponents off to the lunatic asylum. True it is that Britain prospered in time past, when foreigners had tariffs seemingly as hostile as at present; though it would be still nearer the truth to say that the hostile tariffs of those days lacked a good deal of having the strong protective effect which the present tariffs have, simply because they were very crude, and ill-arranged, and unsuitable in many ways. But experience has taught wisdom, and the enlightened Protectionism of to-day, on the European continent, is a very different thing to combat from the unscientific attempts of former times. Mr. Balfour's main error, however, lies in forgetting something which it is astonishing that a man of his capacity should for a moment lose sight of when handling this subject. He forgets that in the days when the British export trade prospered, in spite of hostile tariffs, foreigners were so far behind in manufacturing that they were easily beaten, tariffs and all. But will he or any one else venture to maintain that this truly represents present conditions? A great change has supervened, and the position of England towards foreign countries is seriously altered. Thirty years ago England fought and won, against poorly developed foreign manufacturers and blundering, ill-concocted hostile tariffs. Now she has to fight against foreign manufactures so well developed that they crowd her own home market, and against hostile tariffs framed at no hap-hazard, but with high commercial and scientific skill; as witness the new French tariff, now so vigorously denounced in England because of its acknowledged and certain efficiency as protection to France. What are we to think of a man who, professing to be the people's guide, ignores so great and so important a change in the situation, pretending all the time that he does not see it? Is he a safe guide, we ask, or worthy the name of statesman? Under circumstances discouraging to Free Traders, the London *Breconian* indulges in another of the delusions with which they endeavour to keep up their spirits.

Speaking of the new French tariff, it says that if the French people refuse to buy from England the simple consequence will be that England will buy the less from them, so that in the end they will hurt chiefly themselves. There might be some comfort in this were it true, but it is not true. It will not bear the test of facts. The *Economist* puts the case thus:—"International trade resolves itself into the barter of the products of one country for those of another, and the more freely our goods are admitted into France the more largely will we take of French goods in exchange. On the other hand, in so far as France succeeds in shutting out our commodities, to that extent will she diminish our purchases from her." "Our retaliation, in the event of higher duties being entered by France, will of necessity take the form of a great diminution of our purchases from her, and an increase in the price of all the goods which, in spite of the protective tariff, she will still find it necessary to buy from us." We call this mere literary dreaming on the trade question; it does not accord with the experience of practical men. Is it supposed that an English importer of French silks and merinos, on sending his order, stops to inquire whether some French buyer of cotton or iron goods will probably send England an order to balance? Not a bit of it, he looks only at his own chances of selling French silks and merinos to his customers; the question whether some French houses will buy English iron and cotton goods to balance does not enter into his calculations at all. The West Indies and South America sell largely of their products to the United States, but take their pay in cash mostly, and only to a limited extent in American goods. But the fallacy of the *Economist's* reasoning can scarcely be better shown than by repeating its own figures, recently quoted in these columns, showing three years' exchanges of woollen goods between England and France:—

	Exported from Britain to France.	Reported from France to England.
1878	£2,088,182	£1,360,250
1879	2,710,492	2,394,268
1880	2,417,702	3,375,133

Here we see English purchases from France greatly increasing, but does this bring anything like a corresponding increase of French purchases from England? No, instead of that, the latter remain almost stationary. The advantage lies with the protected country; and the French appear to know it.

### "LET WELL ENOUGH ALONE."

Some time ago, in an article under the above heading, we endeavoured to show wherein the counsel offered had a particular application to Canada. In 1879 we adopted what has been rightly called the National Policy—a Canadian policy, designed expressly for the promotion of Canadian interests before all others. Soon afterwards, while we were all looking with much interest to see how the new policy would work, the public mind was more or less disturbed with proposals for Federation of the Empire, for a British Zollverein, for an American Zollverein and for Annexation. None of these proposals were entirely new, they had all been mooted before, but what we remarked upon was the circumstance that the birth of the N.P. should have been the particular signal for their reappearance. Having boldly struck out for ourselves on the path of commercial independence—or "commercial autonomy," as Mr. Goldwin Smith calls it—we were suddenly confronted with a confusing array of complicating proposals, as if with the express design of distracting us from our new work. Confronted as these various

schemes were with each other, they had still one important characteristic in common. They were, one and all, calculated to favour either England or the United States at Canada's expense. It seemed as if their promoters, on the British and American sides respectively, actually resented the attempt on the part of this young country to achieve its commercial independence; and were determined that no such consummation should follow if they could prevent it. That Canada must and should remain in a condition of commercial inferiority and dependence was the first premise with them all; where they differed afterwards was upon the question whether the tribute was to be paid to England or to the United States. And they are still fighting it out on that line, for apparently not even with their dying breath will they ever consent that we colonists should have the audacity to do our own thinking, and actually to establish a Canadian policy for Canada. To them the thing appears outrageous: "take any shape but that," they say. Divided as they are themselves into two hostile camps, one side saying that we should draw our supplies of manufactured goods from England, the other that we should supply ourselves from the United States; or one point however, they chime in together most harmoniously: the idea that we should manufacture for ourselves is utter nonsense, and an offence against *la Sainte politique* of Empire, equally so whether the Empire in view be that of the old British lion or the American spread eagle. Now, we take the liberty of repeating what we have frequently contended for before, on other occasions as well as on that above referred to. We say it with all the emphasis we can command—"let well enough alone." The supporters of the National Policy—in other words, the large majority of the Canadian people—have a right to resent impertinent attempts to distract public attention with a variety of crazy schemes, all designed to defeat the new policy, and to "choke it off" etc. It has had a fair trial. We may well suspect that the advocates of Canada's commercial subjugation to either England or the United States are secretly afraid that it will prove successful if allowed to go on, and that therefore the reason why they are at this particular time so pressing for a change. Apparently they fear that if the "blasted thing" be allowed to continue for a few years, it will have taken such a hold of the country that it will be impossible to shake it off. If this be their apprehension, then so far we thoroughly agree with them. For the N.P. is unquestionably getting every week a firmer grip of the country, as witness the now wavering attitude of politicians who but recently were for digging it out, root and branch, without mercy. Meantime friends of the new policy will be glad to observe the reasonable, common sense view of the matter taken by the Imperial Government, as quite recently laid down by Earl Kimberley, the Colonial Secretary. On the afternoon of May 3rd a deputation representing the British and Intercolonial Trade Union had an interview at the Colonial Office with the Earl of Kimberley and the Marquis of Harrisborough. They asked the Government, so we read, "to enlarge the powers and the numbers of British possessions and commerce abroad, with the view of taking evidence in the various centres of the empire upon the subject of trade and commercial tariffs existing between Great Britain and her colonies and dependencies." "Enlarging the powers and numbers of British possessions and commerce abroad" does not read very clearly. We may suppose that what is meant is that the Government should make special effort to obtain official re-

ports from all quarters, as minute and as complete as possible, on the condition and tendencies of British and colonial trade. The deputation further urged "that in all matters of Imperial or international treaties, where colonial interests were directly or indirectly affected in the commercial treaties made by Great Britain with foreign powers, the views of the colonies should be definitely ascertained beforehand and acted upon." Earl Kimberley did not think there was any need of the inquiry asked for; the various colonial tariffs were easily enough procured, and if more special information was wanted the Government was prepared to furnish it. What followed in his speech to the deputation is thus reported:—"With regard to colonial tariffs, which were settled by themselves, he confessed he felt they were much more likely to take a sound and more rational view of their own affairs than he should in that room or the House of Commons sitting at Westminster. He understood from the interesting speech he had read of the Canadian Finance Minister that from the Dominion point of view that policy had been extremely successful; but his Lordship's view was more for agricultural implements under her present fiscal policy than if she had continued to deal with Americans. With regard to the Australian Colonies in passing the act of 1878, the Home Government's desire was to promote closer intercourse between those colonies which were divided by artificial boundaries, and that it would be wrong when they expressed their desire to make arrangements between themselves for the Government to stand in the way, and they were left to act as they pleased. If they should come to an agreement, as he hoped they would, and that it would be one of free trade principles, then it would be a matter which the Government should greatly rejoice at. He believed, on the whole, that the tendency in Australia was in the direction of free trade. With regard to the making of treaties with foreign powers, since the Government had been in office they had made arrangements with the Prussian Office that in all cases where treaties were to be negotiated where the colonies were affected, the colonies should have the opportunity of making their views heard; that as far as possible the Home Government should not make the treaties without first of all ascertaining the wishes of the colonies; and they had put Sir Alexander Gait in direct communication with certain foreign Governments with whom the Canadians wished to enter into some arrangements." Earl Kimberley's words, conveying his opinion that the colonists are much more likely to take a sound and rational view of their affairs than British statesmen sitting in Downing street or Westminster, will strike the public ear with the ring of common sense, and will undoubtedly become historical. Not for many years has there come from the Colonial Office anything of equal importance, as far as the public are informed. The references to the Canadian Finance Minister's well grounded statement of the success of the new policy, and to the Imperial recognition of the Dominion's foreign interests, in the person of the High Commissioner in London, are most satisfactory and assuring. The Colonial Secretary's words, doubtless beforehand considered, and spoken with due official reserve, are to be taken as meaning not less than appears on the face of them, but rather more. They are in substance an intimation to those anxious souls who are so intent and so eager for some great change or other with which to upset Canada's National Policy, that the Imperial Government will not help in their crusade. Canada is to be allowed, if so she pleases, to "let well enough alone."

Our John Orincom, says a Chicago despatch, began a forty-five day's fast at noon on Saturday in presence of Dr. Tanner, representatives of the press and others. He will drink water only. Several well known physicians have arranged to watch him. Unless he sees his way clear to making money out of his physical sacrifice, we cannot understand his motive. And he runs the risk of cutting short his days of probation on earth.