exchange, drafts, and other remittance business, must be conducted at greatly increased expense, and in a roundabout way at best. The bank of British North America employs the Colonial bank as its agents but I am not aware that notice of this of a formal kind is given to the public. A thorough system and list of correspondents at say Rio Janeiro, Bahia, Pernambuco, Demerara, Barbadoes, Jamaica, Havana and St. Thomas, with rates of commission, usand on exchange, &c. should be advertised by those banks which intend to enter on this business.

3rd. The example of Mr. Lawton, of Havana, your correspondent, ought to be followed by commission agents at West Indian ports. In his short and concise notices, one sees at a glance what produce sold by him will yield *exclusive of charges*. The duties being specified, a register of the following charges would be of importance, and I should think readily procurable: Fees on entry of ships at Custom House; surveyors fees; harbor master's fees; fees on clearance at Custom House; pilotage; wharfage; &c. Custom's duties on all kinds of goods; usual rates of commission charged by agents for selling domestic and foreign products; for guaranteeing sale; for purchasing goods; drawing foreign bills; &c., &c. Description of exports and imports. A mutual exchange of prices current might be made every mail. The matter of freights and insurance it might not be possible to manage before the trade set in.

A comparative statement of weights, measures and monies, is also wanted.

I have ventured the above remarks in hopes that through your *Review* some exertion may be made by those interested in the anticipated trade, to make known what is being done to open up the business, that our millers and produce merchants may be encouraged to send their wares to the markets; and that our flour, wheat, and other commodities, may make and keep a high position in the markets of the tropics. This can only be done by a careful foresight, and to aid this, all available sources of information should be drawn from.

I am, Sir, your obdt. servant,

Hamilton, Jan. 31, 1867. J. S. L.

NEW SYSTEM OF FIRE INSURANCE.

[*To the Editor of the Trade Review.*]

THERE is no principle in the science of Political Economy so well established or so susceptible of direct and convincing proof, as that which sets forth the economy of a single large concern as compared with a number of lesser ones, in accomplishing a given amount of work of any kind. Thus one gas company can supply a whole city with light more economically (if they would) than two or more, especially if these several companies each attempted to furnish gas to every street, and had to lay pipes side by side.

So is it with Fire Insurance. The present system is as costly a one, primarily to insurance companies, secondarily to insurers, as can well be imagined. Here in Montreal, for instance, there are Fire Companies—chiefly foreign—to no end, all having heavy expenses entailed on them by the necessity of separate establishments, costly offices, highly paid managers and superintendents, numerous clerks for soliciting business, advertising, &c., &c. Then too, the profits on the business done, and which for the most part go to make up the dividends to a foreign proprietary, make a very serious item of loss to the community from whence those profits are derived. Any one can see that if the entire business of insuring against fire, say in this city, were undertaken and carried on by one establishment, without any competition, the reiterated expenses of numerous companies would be nearly done away with, and excepting the possible advantage to be taken by those holding a monopoly, the price of insurance would be correspondingly lessened to property owners.

Now, if for a public company, with the necessity of realizing profits, over and above its actual expenses, be substituted the corporation of the city, it will be seen, if the management be equally good, that the cost will be still further lessened to insurers. Byelaws could be passed, levying a certain insurance tax—as the water tax is now levied—on all buildings according to valuation, which valuation would be the basis of settlement, in case of destruction by fire. Moveable property, of course, would have to be insured separately, and at the option of the owner. There would be very little difficulty in collecting the tax, as property would cease to be insured as soon as there was any failure to pay, and besides the city would possess the right of bringing suit. The economy of this municipal system over the present wasteful one becomes immediately apparent; and this will become still more manifest when the fact is taken into consideration, that rates here are higher than they would otherwise be, in consequence of the greater risks of fire elsewhere, the companies having to charge more here to keep down rates elsewhere, and make a fair average over the country. This system would undoubtedly work admirably in all large cities, or even in towns and villages, and there is no reason why its benefits would not be found in its employment in parishes or municipalities. Whatever objections might be made to its adoption elsewhere, there does not appear to be a single good reason why Montreal should not be its own insurer, and save to its citizens the money wasted in supporting rival establishments, and the large sums annually remitted to English and and American Companies, to help to swell their dividends, and enrich their coffers.

MONTREALER.

FREE TRADE AND PROTECTION

To the Editor of the Trade Review.

THAT Free Trade opinions have been making considerable progress of late throughout British America, no one we think will venture to deny. This change in public sentiment has probably been brought about in a greater degree by the influence of accidental surrounding circumstances, rather than from any wider acquaintance with Free Trade principles in the abstract. There are a great many persons who profess to admire Free Trade and to believe in its justice, who would yet shrink from carrying its principles into practice, and as this hesitation generally arises from a hazy and imperfect comprehension of this important subject, we propose in this article to go back a little to first principles, and after pointing out and illustrating some of the leading doctrines of Free Trade, to consider their applicability to the circumstances of our own country. Now although a great number of abstract rules and theories bearing on the subject have been promulgated from time to time, yet if we examine them closely, we shall find that they all resolve themselves into two or three simple and easily understood propositions, first of which in order as in importance is the rule, that all duties of whatever kind, are ultimately paid by the consumer of the articles so subjected to duty. This is so self-evident a fact, that it scarcely requires argument to demonstrate its truth, but if a specific one were needed we have only to look to that afforded by the United States, since the repeal of the Reciprocity Treaty, and the imposition of duties on the products of British America, which we should suppose would settle the matter beyond dispute. If a merchant imports goods from other countries and pays the duties imposed upon those goods, the amount of such duty is added to the price and must ultimately be paid by the consumer, and not only this, but in cases where the duties are high, the consumer must pay a sum in addition sufficient to compensate the importing merchant for his outlay in money, and the trouble and expense attending Custom House business; and this brings us to a consideration of the nature and operation of Customs duties in general. They may be divided into three classes—First: those which are imposed for revenue alone—secondly: those which while producing some revenue afford a partial and incidental protection—and thirdly: those imposed for purposes of protection alone. With the first of these we do not propose to deal at present, but will confine the remarks we wish to make to the other two classes. We will take the latter case first, viz, that of duties imposed for protective purposes only, and keeping in view the rule laid down, that "It is the consumer of an article who pays the duty," it is impossible to arrive at any other conclusion, than that in the case of duties for protective purposes only, the consumer pays the whole amount of the difference between the price at which the article could be imported, if there were no duty, and that which he actually pays, or in other words he (the consumer) pays the whole amount of the duty imposed, and something more, without the revenue of the country deriving any benefit whatever and further that the increased price thus obtained from the consumer, goes in some shape or other into the pocket of the producer. It is absurd to argue that it is for the general benefit that this or that manufacture should be protected; for if we admit that the object of all legislation should be the conferring of the greatest amount of good upon the largest number, that position cannot be maintained for a moment, unless it can be shewn that the producers of an article are more numerous than the consumers, which is obviously impossible under any system of protection. There is an irresistible natural law which impels all men to endeavour to obtain the highest price for any thing they may have to sell, and also to endeavour to obtain whatever they may require to purchase with the least possible expenditure of money, and this being the case it follows that whenever by means of high protective duties the price of any article is raised above its natural value, this law is violated, and the many are made to pay for the benefit of the few. But we will take it for granted that the advocates of such a high protective system as has been alluded to, are few and far between, and pass on to the consideration of those duties which while producing some revenue, afford at the same time a partial amount of protection. And it is on this ground that the battle between Free Trade and Protection in British America will have to be fought. It may be freely conceded that in our present circumstances it would be exceedingly difficult if not wholly impracticable to frame a tariff which did not afford some amount of incidental protection, without resorting to such a thorough and radical change of the whole system of taxation, as our people are not yet, at all events, prepared for; but this does not in the least alter our position regarding the absolute injustice of all systems of protection. Here as in the former case, the same rule will apply, and just by so much as the articles protected displace those which could have been obtained cheaper or better elsewhere, by so much—will the public be fleeced for the benefit of a class. But the advocates of Protection urge that by its aid they are enabled to establish manufactures which otherwise could not be supported, and that money is thus saved to the country, which would otherwise be paid to the foreign producer. That this is an error a little consideration will suffice to show. The foreign producer would probably be paid in some one or other of our productions, which we produce better and cheaper than he can; and even if he should take gold in exchange, it does not in the least alter the case. The gold to pay him would have been procured in some other direction, by the sale of something which we had to spare, therefore we see that the money is not saved to the country, its course is only diverted from its natural channel into an artificial one; and indeed the whole tendency of all duties of a protective character, is to substitute an artificial system, for that which nature has so clearly pointed out. It is quite certain, that without the diversity of soil, climate, and productions, which characterizes the different regions of the earth, commerce, with all its long train of civilizing and humanizing influencies, would be impossible, and we may safely conclude that any human regulations which interfere with its full and free developments, are, to say the least, *not* calculated to advance the general good. One of the worst results of entering on a system of protection is this, that it is next to impossible so to adjust it that one class does not share in its real or supposed advantages more than another, for instance, it is difficult to see why the boot and shoe manufacturer should have a protection of 20 per cent, while some other perhaps equally important interest has only 10 per cent; hence there is a perpetual struggle going on, not only between the protected classes and the great bulk of consumers, but also among the protected classes themselves. This has always been the case, and wherever a course of even partial protection has been entered on, the unvaried and never ceasing cry on the part of the protected class themselves has been for more, until the point has been reached at which revenue nearly ceases, or becomes seriously injured, when a re-action sets in. If we need specific examples of the truth of this position let us again turn to the United States at the present time and we shall find no lack of illustrations, wherewith to make it good, and to shew that a course of even moderate and incidental protection once entered on, the tendency is constantly felt to advance farther and farther in the same direction. Reasons and instances might be multiplied almost indefinitely to shew that protection of any and every kind is nothing more or less than legislation for the benefit of a class at the expense of the whole community, and that its constant tendency is to restrict and narrow the field of commercial enterprise and activity. One thing more: there is good reason to believe, that, notwithstanding all the evils which a