

THE UNITED STATES TARIFF.

The tariff bill, reported by the Ways and Means Committee, at Washington, makes an enormous addition to the Free List, principally of articles in the nature of raw materials, or materials partly manufactured, which enter into other manufactures. To this list are added reductions on a few manufactured goods. The freeing of raw materials is a wise measure, and would, if carried out, afford a legitimate encouragement to manufactures. With free raw materials American manufactures ought to be able to compete in the open markets of the world; hitherto they have been handicapped by taxes on the materials which enter into their fabrics; though in truth they have got, under the pretence of equivalent taxes, undue compensation, so far as the home market is concerned. But there is one drawback in the proposed change of tariff. Without a corresponding reduction in the duties on manufactures, free raw materials mean an increase of protection; and an increase of profits on the home trade would rather indispose manufacturers to extend their operations to foreign markets, unless for the disposal of any surplus which may from time to time accumulate. But such surplus could be thrown on foreign markets, at lower figures than before; and the reduction would ensure ready sale. If these manufacturers were made to understand that the protection they now enjoy will be gradually withdrawn, they might nerve themselves to meet the inevitable, and become before long formidable competitors in foreign markets. So long as they walk on crutches, and believe that they cannot do without them, they will make little way in foreign markets.

Free raw materials would of course make a breach in one side of the round tower of protection. The farmer, the miner, the follower of woodcraft would all think themselves entitled to complain; for does not protection profess to secure a system of equivalents and makeweights by which all interests get something in return for what they give? Such complaints were sure to be heard, once it was proposed to withdraw protection from industries connected with the soil and the forest. But if a beginning is to be made, in the removal of restrictions, this is the way to do it. There are imperative reasons, of a financial nature, why the present tariff should not longer be maintained. The proposed changes would lop off fifty millions of surplus revenue, the existence of which is at once a temptation, a menace and a danger. The question is whether the interests concerned in the maintenance of the duties on the list which it is proposed to make free will be able to make their opposition effective. If not, then from the day the changes go into effect, the farmers, the miners and the followers of woodcraft will have only a diminished interest in the maintenance of protection; and the question would be whether it would be better for them to sacrifice the remainder in exchange for the general benefits to be derived from Free Trade, or to continue the supposed benefit at the certain price which it cost.

Incidentally, the proposed additions to

the American Free List throw a side light on Commercial Union. Commercial Union makes no distinction between raw materials and manufactures. But there is, in the nature of things, a very great distinction, and one which the proposed tariff changes signalize in a way which appears to us most reasonable. This tariff bill proposes to admit duty free a large list of raw materials, which is sound economic policy; but it keeps up duties on manufactured goods from forty to fifty per cent., which we certainly do not regard as the mark of a sound policy. Our object is to point to the principle involved in the contrast. To abolish the distinction, and to treat raw materials and finished goods on the same footing, is what no country in the condition either of the United States or Canada is called upon to do, or in our opinion would be justified in doing. We have no doubt that Canada could profitably extend its free list. Why, for instance, should Indian corn not be free? Canada grows much less than it consumes; and in putting a duty on a necessary article it hinders its own prosperity. Instead of being an injury, free Indian corn would be a greater benefit to the farmer, who requires it for feeding purposes, than to any one else. Canada has long proposed to the United States a mutual extension of the Free List. The United States, without directly responding, proposes to put itself in a position to benefit by a voluntary adoption of the principle, in terms suited to its own needs. The list proposed by Canada is much less extensive than that embodied in the bill of the Committee on Ways and Means; and it does indirect homage to a proposal made by us, which Congress has had its own reasons, good or bad, for not accepting. The Free List of the Ways and Means Committee is proposed without equivalent, and for the most part, without hope of equivalent; it is presented on its own merits, and for the sake of the benefits it would bring. Should this list be adopted by Congress, it will practically settle the question of Commercial Union, by reducing the value of the equivalents which could be given to Canada, and leaving us to make a free gift of manufactures.

To a certain extent, this proposed independent tariff reduction would adjust itself to the standing offer of reciprocity, made by Canada; or if the adjustment were not complete, some slight changes, on our part, might bring the free side of the two tariffs into connection, at certain points. We take this proposal as another indication that the feeling at Washington is in favor of an independent tariff policy, of the same nature as that which rejected the Mexican treaty. It is certain that for the sake of the Canadian trade, reciprocity limited to such of the articles in the proposed tariff changes as would be beneficial to both countries would not have been accepted by Congress. Commercial treaties are, for the present, out of favor in the United States. The obligation of the most favored nation clause tends to give universality to treaty obligations, and makes for general tariff conditions. An independent tariff policy has its advantages; and when it secures a great enlargement of the Free List, it is working in the right direction.

Free raw materials would put a potent weapon in the hands of American manufacturers, who are looking for an extension of markets beyond the bounds of their own country, if they only know how to use it. The great manufacturing nations of Europe have nothing to fear from the competition of the United States, so long as the present system of protection remains intact. That system is practically confined to the domestic range. Free raw materials is the first condition of competition in foreign markets, and if this be obtained, the rest may come.

INSURANCE COMPANIES' MEETINGS.

Of the insurance companies, the Royal Canadian acknowledges the trying character of the past year, but presents, in its report, a cheerful front. The company suffers a reduction of surplus to \$75,250, but pays its usual dividend and congratulates itself. The total premiums, fire and marine, were \$495,739, an increase over 1886; the losses were \$343,980, also an increase of amount but not so great a percentage as in 1886. The ratio of expenses to premiums, however, was heavier. It was in ocean marine business that this company suffered most severely, for we understand that its fire losses were by no means extreme considering the results of the year to fire companies generally. The shareholders paid a deserved tribute to the retiring directors, Messrs. Hugh Mackay and George W. Moss, for their hard work in connection with the company and their constancy to its interests in days when its circumstances were very different from those of to-day.

The Queen City Fire Insurance Company is able to show, as compared with the previous year, an increase of premium and interest income, reduced fire losses and a greater balance to the credit of profit and loss. There is an increase of assets by some \$11,000 and the reserve fund is swelled to \$75,000. It is worthy of note that the losses were only \$1,688 as against premium and other income of \$24,900. These are surely very remarkable earnings, but in addition to them we observe in the balance sheet, as last year, a dividend appropriation for policy-holders, amounting on this occasion to \$2,442. We may be pardoned for saying that the progress of this company possesses something more than a passing interest for us, from the fact that the late J. M. Trout took a warm interest in its organization. Indeed, if we do not mistake, it was at his suggestion that the name "Queen City" was given to the company. His foreshadowings that it was destined to become a concern upon which its founders would look with pride, and from which shareholders would derive unusual dividends, are being verified.

LAKE MARINE INSURANCE LOSSES.

Ocean navigators are often contemptuous of fresh-water sailors, and are accustomed to sneer at the idea of "danger" in the navigation of the Canadian lakes. Nevertheless, bodies of water two hundred to five hundred miles in length and from forty to