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THE

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PRINCIPAL CONTENTS.

A HAPPY OPENING.

The year opens auspiciously for the National Policy. Hostility to it is dying out; we can see it every day that opposition is growing weaker. There are men who are opposed to it, but they are not as strongly opposed to it now as they were two years ago. They are weakening, decidedly; in fact, they are giving in. And there is good reason why. So far, the new policy has proved itself good. No one can say that any Canadian interest has been hurt by it; all the complaints so far have been that English or American interests have suffered. We are doing the best we can for ourselves, and our first duty is at home. The objections to the National Policy are dwindling away. It is a remarkable fact that all the objections made within recent date have reference either to coal, coal oil or sugar. That is to say, the Opposition have been unable to seize upon any strong points, or what they would consider strong, except these three. There is, indeed, one more, but that is dying out. The Toronto *Globe* has maintained that our fifteen cents duty on wheat has lowered the price of wheat in Canada. It is evident, however, that this contention cannot be kept up, the fact that the price of No. 2 spring wheat remaining about 12 or 15 cents higher in Toronto than Chicago being conclusive on the subject. Free Traders will have hard work to show that Canadian farmers do not gain by having American grain shut out from our market. What we want is this—we want our market for ourselves—and this the [illegible] to us. Now, let us take a look at manu[illegible]tions. Take woollen or cotton machin[illegible] the very same jennies and looms that are used in Huddersfield or Blackburn, and why cannot we make the same goods? The jenny will run as well here as there, the loom will make just as many clicks per minute in Canada as it will in England, and why not run it here as well as there? The only objection is, that wages and interest of money would be higher here. But that is exactly what we want; we want higher interest and higher wages here, which is just another name for prosperity. The whole argument for protection lies in two words—that by means of it we do the work and make the money at home, instead of allowing it to be made abroad. We keep the profits instead of giving them away. It is cheering that these views are decidedly gaining in the country. As we have before remarked, the opposition to the National Policy has fizzled down to three points—coal, coal oil and sugar. And it will not last long on these, either. What is beginning to appear is this—that the N.P. means the transfer of certain industries from England and the United States to Canada. We regard it as a fact of great significance, that only with reference to the duties on coal, coal oil and sugar, do we hear any objections. And these are the last dying objections; they will not trouble us much longer. The opposition to the National Policy is dying out

LABOR AND CAPITAL.

In support of the contention that, to use its own words, "labor is not only capital, but the best part of capital, an American contemporary concludes a long and able article as follows:—"Correctly considered, labor capital alone is reproductive. It is true that other capital is called productive, and reproductive, figuratively; but its power of reproduction is not, like that of labor, in itself. The action of man's labor upon it, or of his skill, or of his mental capacity, which is the same thing, is what makes it productive. After deducting the spontaneous production of nature, there is no production whatever where man is not, or his aid is absent. Labor capital is the gift of God. This is evident from the fact that it is vested in those powers and endowments which man receives from the hand of his Creator, modified in their scope of manifestation by the laws of heredity. This sort of capital is not dug from the earth, it is not the handy-work of man; but it is the handy-work of God. Like God, it is endowed with intelligence, and as such is worthy of great respect. Even regarded as mere capital, it is far superior to all the capital created by man, because the latter is inanimate and incapable of reproduction without the assistance of man. Indeed, labor capital is the source of all wealth. It is true that the earth, untouched by the hand of man, is rich in its resources. But all that which is commonly called wealth, and which constitutes the wealth of civilized society, is adventitious—the result of human labor. The precious metals are obtained at great cost and labor; and the forms given to them for the various purposes of use and ornament to which they are applied require much additional labor, even the coining of them into pieces of money. Estates, buildings, roads, canals, improvements of every kind, public and private; farms and plantations; utensils and products of agriculture, of manufacture, of commerce, of transportation, and of art; carriages of burden and of pleasure; ships and navies; instruments of war and of peaceful vocations; towns and cities; states and empires; means of luxury and of usefulness; means and products of the intellectual, moral and physical culture of the human race; laws and government; civil, literary, religious, and social institutions; the entire and comprehensive forms and values of human society, are severally and collectively the product and result of human labor. The immense and exhaustless material of wealth, as it exists in the resources of nature, receives all its value from the hand of labor. Thus does the labor interest constitute the vitality of all other interests which are valuable or valued in civilized society. An obligation rests upon society, therefore, as well from what it owes to labor, as from a regard to its own best interests, and indeed, to all its interests, to secure to labor those privileges and advantages which will promote its greatest prosperity, and which are indispensable to its proper position as the lever of civilization. What are those privileges and advantages? The answer is found in four words—employment and fair wages. This is the only protection which labor asks, and is what it has a right to demand. A protective tariff is, therefore, essential, and to give it up would be a crime against humanity."

SOME CARDINAL RULES OF TRADE.

In addition to buying cheaply, or at a low price, as we endeavored to explain in a previous number, a no less essential point in legitimate commercial business is buying in judicious quantity, preferably for the wants of trade and the entire avoidance of speculation by those who profess to be merchants in staple articles. A merchant who gives credit runs enough risks from his book accounts without increasing them by overbuying. In ordinary cases a merchant should consider his wants from day to day, from week to week, and buy—mindful only of the season. The market price of an article as an inducement for its purchase should be a secondary point of consideration. If stocks are small, say only enough for the requirements of daily orders, the risk of loss is light, as the merchant has enough lee-way, so to speak, in his profits to cover any probable decline. If his stock were large and the market declining, with prospects of still lower prices, he would naturally be anxious to sell. Anxiety to sell often leads merchants to make sales to those in poor credit, or even in shaky condition. Here ensues a double risk. The risk in selling to a weak customer is enough, but in selling at a time when the market is weak, and entailing a loss upon him in his weak condition, is doubling the venture, and the apparent saving of loss to the seller is far from real. When any article advances in price it is more than probable that it will settle back again slightly, if not a great deal, from the highest point, so that the merchant who did not have the luck to buy at the start or near it, should be careful of purchasing before the market becomes settled, and wait to see if the higher value is to be maintained. It is a fallacy to think that it is possible to get in at the bottom price always. It is merely chance when the nail is hit exactly square on the head in this way. If a market has been dull and dragging for a long time, until it seems impossible for the article to get lower, when the cost of production or manufacture has been reached or passed, and it shows a loss to every holder or handler, then it becomes quite reasonable to anticipate wants by an unusually large purchase, but even in this case no more should be purchased than can be readily disposed of before the lapse of the particular season in which these goods are most saleable to a merchant's regular trade. But right here comes a point when legitimate speculation is possible. It is perfectly legitimate for a merchant or capitalist to buy on his judgment any quantity of an article the value of which he is acquainted with, that he can fully pay for without going beyond his surplus means. Any firm, being solvent, having surplus funds available, are perfectly justified in buying largely any article of their trade which comes under these conditions of value. There is a time for the purchase of all articles on this basis. At a certain season each year—generally about August or September—wheat is lower than it is again during the year, or at least an advance generally takes place before December 1st. Corn in October and November is generally at its lowest price. Oats in July are generally at the lowest ebb. It is very interesting and valuable information to keep the daily records of these markets fyled away, and each year to mark the dates of the low values, and at the same time a note of the conditions by which these values were produced. This, in conjunction with a book showing the cost of production of the various articles of one's daily business, would lessen the risks of purchasers very greatly. There is a time when the purchase of apparently valueless railway stock is not a speculation. Any real property of this kind, even though it show losses in working which would make it appear necessary to entirely efface the stock and leave its bond-holding creditors possessors of all its assets, yet there are certain reasons why this will not generally be allowed. The stockholders generally outnumber the bond-holders, and rather than sacrifice all their investment they will send sufficient good money to look after the bad to revive the fallen fortunes of such a corporation. Erie Railway at $5.75 per share was not a great risk of investment. Wabash at less than $1 was picking up dollars with cents. Reading Railway, in July, down to $8.50 per share, was apparently money thrown away, but a fine property, having so much real business to back it, must certainly one day work out its salvation, and now it is looked upon as cheap at $25. When an investor looks thoroughly into all the bearings on such an investment, and meets this same depressed state of circumstances, he is safe to invest all his surplus capital—not on margins, but in stock that he can pay for, and the development of time will prove the wisdom of his purchase.

AN INCREASE OF THE RUSSIAN TARIFF.

In the Old World the cause of free trade appears to progress like the crab—backwards. The small States of Holland, Belgium and Switzerland have to a certain extent followed England's example, but all the great nations of the continent are going the other way, and are decidedly more protectionist now than they were thirty years ago. Within twelve months back Germany, Italy and Spain have made considerable increase in their respective tariffs. France has a good stiff N.P. tariff under consideration, and now Russia comes to the front with ten per cent. increase all round on a tariff already highly protective, the article of salt being mentioned as the only exception, the tax on which is to be abolished. It appears to be a "revenue tariff" that is wanted at St. Petersburg, and a Russian paper is pleased at the prospect that the increased rates will not only bring in money enough to extinguish the deficit now running on, but will leave a surplus besides. One of the latest despatches states, on authority, that the new tariff will come into operation on January 30th. The German press is making sore complaint because of this increase in the Russian customs duties; but the Russian Government must have money, and is not likely to pay much heed to remonstrances from outside. Speaking reasonably, we do not see why any Government, charged with the duty of looking after the interests of its own people, should be held bound to look after the interests of foreigners too. Supposing that there is a market in Russia for articles that Germany has a surplus of available for export, have not the Russian producers of the same articles the first and best right to the market of their own country? The Government's own people, like the individual's own children, have, we affirm, the first and best claim. A charitable man may give to poor and destitute children, if he has the means, but his own children have the first claim upon him; and only after providing for them may he use his means to provide for strangers. It is a significant circumstance, by the way, that complaints against a high tariff come in in only small measure from the people whose Government has enacted it when they come at all from that source. But they always come thick and fast from the foreign producers whose market is interfered with, which is a good indication of where the shoe pinches. We shall not probably hear of any complaints from the Russian people of the increased duties, because the increase will favor Russian interests. But we shall hear of complaints enough from German and other foreign producers, for the reason that they will lose what Russian producers gain. We may put the matter briefly by saying that all foreign remonstrances would be sufficiently met with this reply—that the increase of duties is devised by the Russian Government for the benefit of Russia, and not for the benefit of any other country whatsoever. That ought to settle it.

HOME TAXATION.

A Parliamentary return just published in England gives the particulars in detail of all taxes and imposts from which the Imperial revenue of the United Kingdom is raised, together with the gross amount yielded by such tax or impost, and the cost or charge for collecting the same under each head. The three main sources of Imperial revenue in the United Kingdom are the inland revenue, customs and post office. For the financial year ending the 31st March last, the inland revenue yielded 46,452,454*l*, the customs 18,165,530*l*, and the post office 3,053,134*l*, or a grand total of 67,671,118*l*. These were the results obtained after deducting the costs of collection, which amounted in the case of the inland revenue to 1,916,407*l*, the customs to 1,005,550*l*, and in the case of the post office to 3,220,794*l*. The receipts from inland revenue are divided under three chief heads—excise, stamps and taxes. The excise last year yielded a net revenue of 25,218,303*l*; stamps, 11,396,914*l*, and taxes 11,843,643*l*. The amount of revenue derived directly and indirectly from the consumption of exciseable liquors and the drinking customs of the country is remarkably large. The spirit duty, for example, yielded last year no less than 14,118,077*l* 9s. 9d., and the malt duty 6,945,023*l* 1s. 5d. These two items together make an aggregate of over 21,000,000*l* stg., and if we add to this the receipts from Customs duties upon foreign liquors consumed in this country, which in the case of spirits amount to 4,686,806*l*, of wine 1,394,062, and of malt and its products 5,294*l*, we get a grand total of over 27,149,862*l* paid in the shape of duties upon liquors consumed in the country. But this is far from exhausting the amount of revenue obtained indirectly from this source. In the United Kingdom, for example, there are 21,340 brewers who paid 405,021*l* 15s. in the shape of license duty, and there were 3,835 maltsters who paid over 13,305*l*. Then in England and Ireland there were 85,905 spirit retailers who paid 614,937, of license duty, and in Scotland 11,686 who paid 106,468*l*. This is in addition to the various license duties paid for the sale of beer and wine by wholesale and retail dealers, as also the receipts from grocers' licenses. The amount received under these various heads was not less than 1,454,509*l*. So that the total revenue received in the shape of duties on liquor and licenses for the manufacture and sale of it amounted to over 28,604,381*l*. If to this sum be added the amount received in the shape of customs duties on tobacco, 8,630,567*l*, it brings up the revenue received on account of those two luxuries to the enormous sum of 37,234,948*l*, being considerably more than one half of the total net revenue of the United Kingdom obtained from taxation. Next in importance to the inland revenue and customs duties come the direct taxes levied on the country. These consist of the land tax, the inhabited house duty, and the income tax. The total receipts last year from these three sources amounted to 12,024,216*l*. Of this the proportion for income tax was 9,350,522*l*; for inhabited house duty, 1,602,689*l*; and for land tax, 1,071,004. The income tax last year was levied at the rate of 5d. in the £, and it realized over 9,350,000*l*. The third source of income under the head of inland revenue, is the stamp duties,