

FREE TRADE 'VS. PROTECTION.

WE publish this week another letter in favour of protective duties. The writer deduces from the prosperity of Great Britain under a high protective tariff, an argument in support of the doctrine he inculcates. In reply to this, we will show from facts and figures, that under a free trade policy, at least partially so, those very manufactures which, under the enervating influences of legislative aid, had been slow of growth, as soon as they became self-dependent, flourished mightily, even beyond the anticipations of the free traders. Take the manufacture of silk, for example. In 1763 a law was passed prohibiting the importation into England of French goods, and this remained in force for more than sixty years. During that period, the annual increase in the consumption of raw material was about 54 per cent. In 1826 the prohibition was removed, and the maximum *ad valorem* duty placed at 30 per cent. It was believed, then, that this measure would be destructive of the English silk manufacturer, and a cry of terror was raised everywhere in the districts which were to be affected by it. Hardly seven years later, the weavers of Macclesfield harnessed themselves to the carriage of Mr. Huskisson, (whose measure it was) and drew him in triumph through their town. During the twenty one years following the repeal of prohibition, the consumption of raw silk showed an annual average increase of about 17 per cent, or more than double the rate of improvement under the prohibitive system. The immediate result of comparative free trade in silk in the increase of looms and throwing mills is remarkable. In the five first years under the new system, the number of silk looms in Manchester increased from 5,500 to 12,000, and in 1832 to 14,000. Immediately on the reduction of the duty the number of throwing mills in various parts of the country rose from 175 to 265, and of spindles from 700,000 to 1,180,000. Since then the trade has continued to prosper, and English silks were soon not merely able to maintain their position in the home market, but also to compete with French goods in foreign markets. The total value of the exports in the ten years ending with 1829, amounted only to £3,149,618, while in the ten years succeeding they were an aggregate of £7,042,619, or more than double. In 1865 the value of silks exported had risen to £1,884,178. We have taken the article of silk as a representative article, as previous to the passage of Mr. Huskisson's measure, competition with French manufacturers without complete protection, was looked upon as quite hopeless. But other protected manufactures flourished in even greater proportions under a more liberal tariff; and the enterprise, industry, skill and intelligence, (with the greatly increased amount of machinery brought into use,) called forth by the new order of things, far more than counterbalanced the injury sustained by the withdrawal of unjust taxes levied for their benefit.

The questions for Canada to solve as between free trade and protection are these. Does the encouragement of certain manufactures increase the actual wealth of the country, and of which of them may this be predicated? Will a protective tariff have this encouraging effect? or will it, on the contrary, have the effect of discouraging the employment of capital when a change in government or in governmental policy may lead to the loss of that capital at any unexpected moment? Is not the true encouragement to manufacturing, (which, from the nature of things, would spring up and be profitably carried on in this country,) to be found in lowering the cost of living and labour, in increasing the number of consumers by making agriculture more and more profitable to the farmer, and in treating all interests alike, taxing no one class for the benefit, or supposed benefit of another? These questions are all-important in deciding what our commercial policy is to be, and they must be answered not by mere theorizing, but by a careful weighing of facts which the experience of the past can afford, and an equally careful consideration of the special circumstances in which our country is placed. For our part, we do not believe that the avowed objects of protection are gained by a protective policy, although individuals may become enriched by means of it, but at the same time, we are aware there may be exceptional cases where an incidental and moderate protection in the infancy of a manufacture may be the means of stimulating it into profitable existence.

Our correspondent discredits our statement that the stream of population is setting to the agricultural States, away from the manufacturing, and takes

Massachusetts as an instance to the contrary. He has been rather unfortunate in his selection. The State of New York, which in 1810 was only 2-5ths more populous, in 1860 had a population more than treble that of Massachusetts. Ohio, which in 1810 had less than half the number of inhabitants, in 1860 was almost double. In 1810 Massachusetts had nearly forty times as many people as Illinois; in 1860 the latter outnumbered the former by nearly 500,000 souls. Wisconsin exhibits a still more rapid ratio of increase, her population having advanced from 30,946 in 1841, to 775,881 in 1860. Missouri has increased in the twenty years ending with 1860, more than Massachusetts in the fifty years ending with 1860. Indiana, too, now more populous than the manufacturing State, in 1810 had only one-twentieth of her population. And taking the six New England States, which in 1840 had a population of 2,231,822, we find that in 1860 the increase was only 960,461, or about 43 per cent; whereas in six of the agricultural States, Ohio, Michigan, Indiana, Illinois, Wisconsin and Missouri, having an aggregate population in 1840 of 3,308,430, the increase in 1860 was 4,800,457, or more than 146 per cent. It is unnecessary to adduce any more figures to shew whence the prosperity of the United States has arisen, nor do we think it needful to point out the impolicy of trying to turn into unnatural channels the industries of a plainly agricultural country like this of ours, or the injustice of so trying at the expense of the great producers of wealth.

THE CABLE—MORALLY.

IN a late issue we had something to say about the Cable. Commercially, "now we must have a word or two about it. Morally? What? Can the Cable be in any way considered as a moral agent? We think it can. Not that the mere fact that we can send a message from England to Canada in the twinkling of an eye will make men better, or elevate the moral tone of society. The Cable will not be a moral agent in that sense—it will not cause a love of morality, but it will *restrain* men from violating its precepts. To come right to the point, it increases the machinery by means of which criminals can be brought to justice. To commit a crime in France or England and escape to America, or *vice versa*, will hereafter be almost an impossibility. Not a few crimes have in days gone by been committed on both sides of the Atlantic, which would never have taken place but for the belief of the perpetrator or perpetrators that, by taking the fast-sailing steamers, they would be in a foreign land before tidings of their guilt could overtake them. Many a time have the Cunard vessels carried over criminals to America safely, no word of their crime being heard until all traces of them had disappeared. This was a favourite mode of escape for Bank defaulters, Railway embezzlers, and wealthy criminals generally. The lower orders of the *genus* rascal were generally forced to take passage in cheaper, and consequently slower vessels, and of late years were frequently arrested before they could land from the vessels in which they had sailed. This was the case with Muller, who committed the famous railway murder in London. But the completion of the Atlantic Cable cuts off all chance of any of them escaping. One hour after they set sail, the particulars of their crime and a description of their appearance may be in America, and when the vessel arrives, the criminal is sure to be nabbed. In fact, for that matter, officers of justice might board the vessel at Halifax or Father Point, and sail with their victim into port. In decreasing the chance of escape—in making crime more certain of punishment, there can be no doubt that the Cable will prevent many a crime from being committed, and prove, to no inconsiderable extent, a terror to evil doers.

THE PROSPECT AHEAD.

THE prospect throughout Canada for the fall trade is very favourable at the present time. The business of the country is in a much better position than it was last season at this period. Although we were then beginning to experience the beneficial effects of an abundant harvest, still there was a great deal of indebtedness existing in almost every quarter. The wholesale merchants—at least many of them—were owing balances to their British correspondents, the retail dealers were very heavily behind in their payments to them, and these, in their turn, had most of their means locked up in the shape of book debts, which were owing by numerous customers willing, but unable to pay. The great bulk of this indebtedness was cleared off by the splendid business done during

last fall, winter and spring, and any traders who may yet lag behind—who have not shown more ability to pay up under these altered circumstances—are so far from the road to success that they are not likely to regain it.

The country, then, had reached a comparatively prosperous condition before last winter closed, and its effect was seen in our importing houses making unusually large purchases of spring goods. So large were the entries of foreign goods at the port of Montreal, that some journals began to hint at inflation. The returns may have afforded some colour for the statement, showing, as they did, that for the three months ending 31st March, we had imported to the value of \$6,999,031, as against \$2,627,836 for first three months of the previous year, being the large increase of \$3,471,195. But there was no real inflation. During the previous six months, the stocks of importers had been reduced very low, and, knowing that money was unusually abundant among the farming community, it was wisely held that larger spring importations than usual would be required for the supply of the public. The correctness of this view is proved by the fact that a large proportion of these purchases have already been absorbed by the public, and with but little of that trusting of goods on willing customers which so often occurred during less prosperous times.

Whilst the wheels of business were revolving thus freely throughout Canada, another good harvest has been gathered into our barns. It does not require much speculation to determine what effect this fortunate circumstance must have. Had we been still in the enjoyment of free entrance into the American markets, it must have produced an unusually large and profitable fall and winter trade, the healthful and invigorating effects of which must have permeated all classes of the community. As the circumstances are, we do not doubt that this second year of large crops must increase the prevailing prosperity, and render it more durable and universal. The experiment of partially changing the market for our breadstuffs from the United States to the Lower Provinces, may be attended with the difficulties common to first efforts at almost anything to which attention may be turned. This may have some influence upon business, but that we can find a market, and a profitable one, too, for all our surplus agricultural products in the Maritime Provinces, seems now so certain, that we are warranted in concluding that any changes made in our trade will be attended with very little loss, and no great amount of trouble and inconvenience. We have no fear, either, that the Americans will cease to be our best customers, at least for some years to come. Up to the present time they have continued as anxious as ever to buy our cereals at good prices, notwithstanding the duties they have imposed, which have certainly, so far, not come out of our pockets. When production increases among our neighbours, and they can, themselves, again supply all the breadstuffs they require, the boot may change to the other leg as regards the duties, and our producers have to pay to get into their market. But this contingency is not likely to arise this season at any rate, and, consequently, we may conclude it will not affect the beneficial influence which the harvest just reaped must have upon the interests of the country.

There is another contingency which may partially dim the prospect ahead, and that is, a Fenian attack in force. We do not wish to act the part of an alarmist regarding these restless miscreants, but there is too much reason to fear that before the fall elections take place across the lines, we shall be attacked by a much larger and better equipped force than made the attempt in June last. If these rascals, to whom both Republicans and Democrats are pandering for the sake of their votes, were to make a stand in any part of the Province, it might necessitate the calling out of a part of the Sedentary Militia, which would seriously interfere with the business of the country. We fear these rascals are more numerous than is generally supposed, and being directly encouraged by leading American politicians, their next attack may be far more serious than many imagine. Our Government should have no stone unturned to make our defensive arrangements such that anything like success on the part of the Fenians will be almost impossible. Any money spent to attain this end, will be well spent, for if Sweeney and his fellow-ruffians do not succeed in making a lodgment, the business of the country will not be seriously interfered with.

Taking all in all, the prospect ahead is favourable. The people generally are not much in debt, and the