

land. Between the two latter there is not much difference, except on the preferential point, and they must generally be found voting together. In a general way, Mr. McCarthy contended that protection costs the country \$50,000,000 a year to maintain, and a man having that conviction would naturally desire to see it come to an end. Speaking roughly, he averages the tariff at from 30 to 35 per cent. *ad valorem*, and estimates the increase on protected goods something like 35 per cent. The latter figure is surely in excess of the real amount, though no doubt very often the price of these goods is put only a little below what imported goods with the duties superadded can be sold for, though in other cases domestic competition has the effect of reducing it below this mark. It is a distinct advantage to the free trade movement that it has enlisted the energies of a great political party, though there is not complete unity of view among all its members. Another fact telling in the same direction is that Mr. McCarthy's defection has broken the unity of the party of protection as it stood before that event.

SCALING THE PROTECTIVE TARIFF

If they serve no other purpose, the proposed tariff reductions carry to all interested a reminder that high strung protection is not to be made perpetual. Reduction in the hands of the Government means protection on a lower scale than heretofore. But the name of protection is still retained, sometimes when the thing is wanting: when the intermeddling is mischievous to the manufacturer, and the duty to be levied cannot be justified on the ground of revenue needs. In objecting to their raw material being taxed, the manufacturers stand on solid ground. Not all the material used by them is raw in the strict sense of the term; and the moment something else than raw material is used the complications under protection increase. If the raw material is native, the Ministerial theory is that it should be protected; when it has undergone an intermediate stage of manufacture it requires, according to this theory, a double measure of protection, and when it reaches the final stage it requires the greatest measure of all. Such is the theory of protection all round. But protection in the first stage is a positive injury to the second; protection in the second stage loads the ultimate manufacturer with a double burthen, from which he naturally demands relief. He not infrequently complains that, in the proposed tariff, he does not stand to get it. When he does get it, the public is made to pay greatly enhanced prices. By excluding or only admitting competing products of foreign origin the price of the native article can be abnormally raised.

The surplus price paid under protection is the sacrifice we make to establish a particular industry. Why are we asked to make this sacrifice? The answer, which the authors of this policy have given is, that we do so for national purposes. It is not necessary to quibble over the fact that Canada is not a nation. Let us admit that a tariff even in Canada may have

some national aspects. If we were a nation liable to be at war with some other power, with which, properly equipped, we might reasonably hope to hold our own, it might be good policy to make some sacrifice to establish a manufactory of gunpowder and weapons of war. If in such a contingency, we were liable to be so cut off from the rest of mankind that we could not clothe our soldiers, it would be good national policy to make some sacrifice to establish factories for making woollen cloths and cottons. We are in presence of no such national exigency; and under the actual circumstances, we are entitled to ask whether the sacrifices we are making, on so many sides, will find ultimate justification in the establishment of manufactures which, in a reasonable time, will be strong enough to stand alone: and whether when they reach this stage, they will confer benefits on the public equivalent to the sum of the sacrifices which they have cost.

This, we take it, is a fair statement of the problem of protection as it exists to-day. There is another element which is often brought into the account, but which there are the strongest reasons for eliminating. The wages paid to labor in protected manufactures are much higher than those in agriculture, and we are asked to believe that the difference is so much gain. But these wages come out of the consumer in the shape of increased prices, and form one item of the sacrifice which the country is making to establish manufactures.

The theory of the proposed new tariff is that a step towards setting up manufactures which will be able to stand alone, at some distant but uncertain time in the future, has been made. The proposition may not be put in this net form, but this is what is fairly implied from what is said and done. After a century of similar promises, few American manufactures, if we may trust those by whom they are carried on, are yet capable of standing alone. Does the experience of the United States fairly represent what, on the policy of continued protection, is in store for Canada?

The avowed policy of the Canadian Government, as we have said, is still protection, though on a reduced scale. In Sir Richard Cartwright's amendment the antithesis of protection is found; it is only in a verbal form. Mr. Foster, for the Government, puts his opinion in the concrete form of a detailed tariff. Against this Sir Richard Cartwright opposes general declarations to the effect that the principle of protection ought to be eliminated from the tariff and a revenue raised solely to meet the reasonable requirements of the Government, that the tariff should be so based as to bear lightly on necessities of life, "and to promote freer trade with the whole world, particularly with Great Britain and the United States." Even here it is not impossible to detect the germ, if not of protection, at least of preference; for without preference how are we to do something "particularly" to promote freer trade with Great Britain and the United States? Absolute free trade would treat all countries alike. We do not expect Sir Richard Cartwright to put his ideas into a concrete form and give a counter scheme

of tariff embracing the whole list, though it would greatly help the discussion if he could be induced to do so.

The policy of protection for its own sake is one thing; the arrangement of a necessary tariff so as to give some incidental aid to our own industries, is another. The former was never justifiable under the circumstances of this country; the latter, called incidental protection, once found an advocate in the late Alexander Mackenzie. This incident indeed would neither make this form of tariff heretical nor orthodox. But Mr. Mackenzie may have been as near right as Sir Richard Cartwright is when the latter insists on the elimination of everything in the form of protection. Protection, when introduced purely for its own sake, is a dangerous thing to play with; but when its presence is purely incidental to the raising of revenue, there is no good reason why a theoretical free trader, who accepts a revenue tariff as a necessity, should object to it. Unfortunately the Government has deprived itself of the right to take this ground by taking its stand on the ground of direct protection.

The proposed new tariff is a compromise, and it shares the fate of all compromises in failing to give absolute satisfaction to any. On the other hand, it is equally true that it has not excited any violent opposition. This is at once its strength and its weakness. The party criticisms of the tariff are of little value. While Mr. Martin alleges that the farmers will benefit little by it, Mr. Davin points out that twenty-seven articles in which farm industry is interested are made free, and fifteen others in which farmers' homes are concerned, on which the duties have been reduced when they have not been altogether abolished. Certain farmers expected more than could be conceded; and if the measure of compromise falls short of their demands, it extorts complaints from the makers of agricultural implements. Whoever, as Minister of Finance, undertakes to adjust burthens so as to reconcile a thousand conflicting private interests, will be weary at heart when he thinks of the distance between his aims and his achievements.

CANADIAN BANKERS' ASSOCIATION.

There is a variety of instructive matter in the third number of the Journal of the Canadian Bankers' Association, and so far as the central committee and the corresponding members of that body have given samples of their quality, readers of the journal are justified in expecting that its interest will be maintained. At any rate the editors express their desire for contributions or suggestions which may assist to make the publication of value, and they frankly say that, while doing their best to keep out errors of fact and of law, in matters of opinion the pages of the journal should be open to all who can so write as to interest and edify its readers. In welcoming discussion they are careful to add, and are probably correct in concluding, that "nice questions of law or practice that arise in actual business are always more interesting, and their elucidation more helpful, than the study of abstract theories."