

frailty of human nature that such legislation should be necessary, in the case of a body of men who should find in their own delicate sense of honour an all-sufficient safeguard against the doing of anything tainted with even the faintest suspicion of impropriety. But seeing that it is deemed necessary by the members of Parliament to prohibit themselves by formal enactment from doing many things the commission of which would, in the opinion of the majority, tend to compromise the independence of the individual, it logically follows that they should strive to make this prohibitory act as complete as possible. By such reasoning it is easy, we think, for Mr. Mulock to show a moral necessity for the bill which he has again introduced, prohibiting the acceptance of free railway passes by members of Senate or Commons, on their way to or from the sessions of Parliament, for which journeys they are paid liberal travelling fees. Few persons, we think, if any, will attempt to deny that the acceptance of such passes tends to compromise the independence of the members accepting them, in the not unusual event of their being called on to pronounce in favour of or against the passing of some bill in which the railways of which they are beneficiaries are interested. It is not easy to see on what ground members of parliament, "all honourable men," can vote against a bill imposing such a restriction upon themselves.

THE REFORMING OF THE TARIFF.

The long suspense is over. The Government's proposals for the revision of the Tariff are before Parliament and the country and are being scrutinized and discussed as few Parliamentary measures have been in many years. With the details we need not attempt to deal. These will be canvassed item by item when the Bill comes before the Committee of the whole House, in the light of fuller information than is now attainable. It is noteworthy that the first impression with regard to the magnitude of the changes made does not seem to have been sustained by closer investigation. This may be due in part to the fact that the changes are spread over a large part of the whole field, and that in respect to a few important articles, the reduction is considerable. The abandonment, in most cases, of the obnoxious specific duties, also, helped no doubt to create the impression. Closer scrutiny is showing, on the other hand, that in a good many cases that were not at the first obvious or suspected the effect of the changes is really a considerable increase in the rate of duty.

Perhaps, after all, the most remarkable thing about the new tariff is the speech with which it was introduced. The idea of pre-facing a more or less sweeping reduction of the scale of duties with an elaborate argument, the logical outcome of which would

seem to be that those duties should be kept up or increased, has certainly the quality of being unexpected. The speech would have served admirably, had it been intended to prepare the way for the first introduction of a protective system, or for a marked increase in the rate of the protective duties. As a prelude to what purports to be a substantial modification of the amount of protection given to some of the chief industries of the country, it was, to say the least, a surprise, and the reductions, so far as they were proposed, a strange *non sequitur*. Had the Minister contented himself with introducing his tariff changes, leaving it for each one to decide whether and to what extent they constituted a departure from the protective principle, it would have been sufficient to treat each item on its merits. As a rule the practical people of the country probably care much less about the abstract principle upon which the tariff is based than upon its actual effect upon their business interests. Those, however, who believe that a tax for the benefit of special industries, whether high or low, is wrong in principle and unjust in practice, will be glad that Mr. Foster chose to preface his rearranged tariff with an academic dissertation in defence of protection as an economic policy. Such a speech challenges reply and tends to keep the public mind directed to the underlying principles. This is what the opponents of protection desire, as they believe all fair discussion must hasten the condemnation of the principle of taxing one industry or one citizen for the benefit of other individuals and industries; with its inseparable corollary, taxing the many for the benefit of the few.

To the free-trader, one of the most gratifying passages in Mr. Foster's elaborate speech is that in which he distinctly and frankly admits that, in its initial years, a protective tariff has the effect of enhancing the cost of goods, and not only so, but that at the first that increase in cost will be very nearly up to the measure of the protection given. This is an unusual and important admission. Upon it alone the contention that a protective tariff is an absolute injustice might be safely rested. Let us take a single, concrete example and see how it works. For sixteen years past, a tax of thirty-five per cent. has been imposed upon the implements used by the farmers of Canada. As Mr. Foster very justly says, it is unfair to assume that the principle of protection is responsible for the whole amount of this tax. It is really responsible only for the difference between the amount of the protective tax and that which would need to be imposed for revenue purposes under a tariff for revenue. The genuine free-trader will, of course, say that a considerable part of this latter tax might be saved were the people advanced enough to adopt the more economical plan of raising the revenue needed by direct taxation. But let that pass. Putting the revenue tariff at

seventeen per cent., which is about the figure at which it was fixed before the advent of the National Policy, we find that, according to the admission of the Minister of Finance, the farmers of Canada have been paying for the benefit of the manufacturers of farm implements in Canada, or to put it in the most favourable light possible by an assumption which is open to question, for the benefit of the few hundreds of artisans engaged in the work, an additional eighteen dollars on every hundred dollars expended for articles which are indispensable in his business, and the purchase of which in many cases becomes a very severe drain on his small capital, sometimes actually leaving him under a burden of debt, which remains during years of struggle and privation, a millstone about his neck. That is, whenever the farmer purchases five hundred dollars worth of farm machinery he has been compelled by law to add nearly one hundred dollars more by way of bonus to the Canadian manufacturer.

"Not so," the Minister may perhaps reply, "Did I not say in the same connection that just as capital invests itself, as these industrial establishments multiply, as they become diversified and distributed throughout the country, the power of internal competition comes in to take the place of external competition—a competition in many cases more keen and destructive than the foreign competition, owing to equal conditions of production and carriage and distribution in the country. I will state, further, that it cannot be contradicted that in the history of the National Policy here, in the history of protection in the United States, in Germany, and in other countries—and the fact is one of the most patent in the record of the results of such a policy—although there is at first a raising of prices, they tend to come down by the multiplication of the industries and the competition which results therefrom, until the producers sell simply at the cost of the manufacturing, plus a merely living profit."

The answer to this argument is easy, even without investigating it on the basis of fact, or referring to such combinations as have been effected in this particular business, as well as in many others in Canada. The Minister himself gives us the answer when he resolves, after sixteen years of such home competition, to reduce the tariff on agricultural implements by fifteen per cent., in response to the demand of the farmers. What further reply is needed?

The whole argument is wrapped up in this one specified case of agricultural implements. It may be extended to cotton and woollen fabrics, to iron in its various forms and to all other protected products. Percentages may vary, the underlying principle remains the same.

We had in mind to refer to other parts of this latest apology for protection, such as the remarkable passage in which the Finance Minister seems to take credit for the