

SPIRIT OF THE COMMERCIAL AND INDUSTRIAL PRESS.

THE PROTECTIVE SYSTEM AND THE WAR OF COMPETITION

(Chicago Journal of Commerce)

Competition in trade has some resemblance to war, and the Fourteenth century carried out the principles of the Quakers, when they excluded it from their system. But it is the operations of defensive not offensive war, that protective tariffs resemble. They merely protect the home market to the native producer, and leave the foreigner to enjoy that of his own country undisturbed. The year the first had to defend our own harbors to the ships which attack the harbors of other countries. What is true is said to be fair, but free trade, because it involves unfair competition, is no more necessarily fair trade than free love is fair love. A free trade is a fair one, where one is free to carry weight, as a pitched battle in the open field, whether it be a contest between armed hosts or between commercial rivals, is not necessarily an equal antagonism. The army or one set of traders may be more experienced, or better disciplined, or more numerous than the other, and thus the trial of strength becomes unequal. When the veteran troops of Bonaparte met the raw levies of Spain in the vast open plains, they gained an easy victory, but when the French scattered in small detachments, and unacquainted with the country, were waylaid in the intricate ravines and difficult mountain passes, they were destroyed by an invincible enemy. In which of these two cases did the French and the Spaniards fight on equal terms—in both, or neither? The war of competition is subject to equivalent limitations. A protective tariff is designed to equalize the inequalities in each case. There is also another analogy between the competition of trade and a battle—that in both cases the strength and skill of the weaker party count for nothing. Merit is not encouraged by a first prize and a second prize; there is only one great prize and a blank. The French at Waterloo were not few or cowardly, but being surpassed somewhat in numbers and in valor, their bravery did not render their defeat more complete and ruinous. In like manner, if free trade prevailed, and the French manufacturer could not afford cheaper than ten cents a yard the goods which his English competitor sells for nine, it would be security for him that his article was good and the price intrinsically moderate. The result would be, not that he would make nine-tenths as much profit as the Englishman, but that his business would be broken up, his workmen thrown out of employment, and himself ruined. But this result would be as disastrous to France as if her army had been defeated in battle by that of England. The French consumer would gain but one cent a yard, and even that would not last long after the British manufacturer had gained a monopoly control of the French home market; while the French manufacturer and the French operative would lose the whole ten cents, deducting the cost of the raw material. The protective system, by setting the wits of the different nations to work upon the same business tends very much to advance the cause of invention and improvement. This may be shown by a variety of examples. The progress made in the cotton manufacture, within a hundred years, is perhaps the most striking. The manufacture of cotton in India can be traced back as far as historical records extend. The oldest historian, who wrote 400 years before the Christian era, speaks of the existence of that industry in his time. In a work written in the second century, or about 1,700 years ago it appears that the same description of cotton goods were then exported from the same ports in India as in modern times. After the discovery of the passage around the Cape of Good Hope, India cotton began to be imported into Europe in considerable quantities. Although the material was carded, spun, and woven entirely by hand, without any help from machinery, the Hindus were so dexterous and their wages so low, that no goods of any material, of a similar quality and fit for the same uses, could be made so cheap in Europe. Such large quantities of India cotton were imported into England toward the close of the seventeenth century, that the use of them interfered very seriously with the sale of the English-made goods in the Englishman's home market. In order to protect their own manufactures, Parliament, in the year 1700, passed an act prohibiting entirely the use of India cottons. It is somewhat interesting to see the manner in which Deane, the author of Robinson Crusoe, and one of the ablest political writers of the age, who supported this prohibition, treats the matter. Speaking of India cotton, he says—"It crept into our houses, closets and bedchambers, curtains, cushions, chairs, and at last beds themselves, were nothing but calicoes of India stuff, and in short almost everything which used to be made of wool or silk, relating either to the dress of the women or the furniture of our houses, was supplied by the India trade. What remained then for our people to do but to stand still and look on, and to see the bread taken out of their mouths, and the East India trade carry away the whole employment of the people? What had the masters to do but to dismiss their journeymen, and take no more apprentices? What had the journeymen to do but to sit still, grow poor, run away, and starve? The several goods brought from India are made five parts in six under our price, and being imported and sold at an extravagant profit, were yet capable of underselling the cheapest thing that we could set about. Let no man wonder that Parliament, as soon as they were made sensible of this, came readily into the prohibition." Such was the superior cheapness of India calicoes over any similar goods which could be made in Europe one hundred and eighty years ago, but the prohibition caused the manufacture to be carried on in England, although at first at a disadvantage. A day's labor of an Englishman, although it cost several times as much money as in India, produced no more cloth than the day's labor of a Hindoo. But the attention of an ingenious nation was directed to the business. The genius of Hargreaves, Arkwright and Compton added one invention to another, to be operated by the steam-engine of Watt. Labor-saving machinery gained step by step upon cheap labor, until the cotton goods of India have been driven out of the market of their own country, thus inflicting upon India the destruction of a native industry which had threatened to destroy, and which, but for countervailing legislation by Parliament, would surely have destroyed in England the important textile manufactures of wool and silk. And these inventions can be clearly traced to the protection, under the most discouraging circumstances, of the cotton manufactures of Great Britain against the competition of India goods. A high duty was deemed insufficient, and a complete prohibition was resorted to. Now, if India cottons had been admitted into England, Arkwright could never have invented the spinning frame; for the spinning of cotton would not have been an occupation carried

checked. By depriving them of power to charge high rates upon freight, which easily pay such rates, the state would deprive them of power to give low rates to other classes of business which can exist only on low rates. Still more for this is his argument; that it is always and everywhere the interest of transportation companies to build up new business which will yield a permanent revenue to themselves. In the encouragement of immigration, of agriculture, of development of mines and of manufacturing, the railroads have done, and are doing, vastly more to build up the country and to insure its prosperity than is generally understood. In order to encourage this expansion of industries, it is often necessary for railroads to make donations, because they cannot live if they give to all shippers and to all kinds of freight as low rates as are often given to establish new enterprises. It is well worth while, also, to observe what Governor Stanford says of the practical effect of charges in rates. The consumers, as he urges, do gain comparatively little in times when low rates are secured by competition or by legal restriction. Neither do the benefits go in large measure to the producers. The middlemen or traders reap most of the benefit. It is, therefore, a pertinent and important question whether the advantages which they derive are, with respect to the welfare of the whole community, sufficient to outweigh the disadvantages which result from a policy of restriction. The argument has been clearly and forcibly presented in Governor Stanford's paper, and it must be regarded as a most valuable contribution to the discussion of a difficult question.

checked. By depriving them of power to charge high rates upon freight, which easily pay such rates, the state would deprive them of power to give low rates to other classes of business which can exist only on low rates. Still more for this is his argument; that it is always and everywhere the interest of transportation companies to build up new business which will yield a permanent revenue to themselves. In the encouragement of immigration, of agriculture, of development of mines and of manufacturing, the railroads have done, and are doing, vastly more to build up the country and to insure its prosperity than is generally understood. In order to encourage this expansion of industries, it is often necessary for railroads to make donations, because they cannot live if they give to all shippers and to all kinds of freight as low rates as are often given to establish new enterprises. It is well worth while, also, to observe what Governor Stanford says of the practical effect of charges in rates. The consumers, as he urges, do gain comparatively little in times when low rates are secured by competition or by legal restriction. Neither do the benefits go in large measure to the producers. The middlemen or traders reap most of the benefit. It is, therefore, a pertinent and important question whether the advantages which they derive are, with respect to the welfare of the whole community, sufficient to outweigh the disadvantages which result from a policy of restriction. The argument has been clearly and forcibly presented in Governor Stanford's paper, and it must be regarded as a most valuable contribution to the discussion of a difficult question.

THE PACIFIC RAILWAY COMPANY.

(Shareholder and Insurance Gazette) Now that the question of building the Canadian Pacific Railway has been definitely settled by the Governor's assent to the measures passed in the two houses, we may fairly consider what the effect of it will be upon the country. Since British Columbia entered the Confederation in 1871, the obligation has rested upon us as a people to build the road. Both the great political parties of the Dominion have stood fully committed to this action. In every one of these ten years leaders on both sides have again and again committed not only the country, but their respective supporters to this course. Not only is this the case, but both parties have on every possible occasion committed themselves to the construction of the road in precisely the manner in which it is now to be built—that is, by a company, aided by grants of the public money and lands. As Sir Charles Tupper very properly remarked, he had a right to expect that the efforts of the Government, commissioned as they had been by the almost unanimous voice of the representatives of the people, and crowned with such brilliant success, would have been allowed to pass unanimously. The unanimous adoption of the measure would have followed upon the credit of the country. It would have enabled the company to enter the money markets of the world with immense prestige, and though we cannot conceive of any difficulty arising in the way of floating the necessary bonds, still the unanimous adoption of the measure would have been a grand thing for Canada and for the contractors. The measure has, however, passed, notwithstanding the supreme efforts put forth by the party in opposition. As to the gentlemen who have been entrusted with this great work, many of them are known to us intimately. Of the Canadian members of the company (now no longer a syndicate), the name of the president and vice president are familiar as "household words," and synonymous for everything that is high in character and successful in business. Whether as merchants, bankers or railway men, both have had extensive experience. Their whole record stands out prominently before the public mind as having lent success to all they have ever undertaken. They are men of immense material resources, both rank as millionaires, and this very essential element in business is pre-eminently at their command, and forms an undoubted guarantee of their ability to grapple with the enormous problems to which they have devoted their future lives. We say their future lives, for nothing short of the expression can give an idea of the magnitude of the task to which they have devoted themselves. And here it might be fairly remarked that whatever hope of gain such men may see in the future as the reward of their labor, it ought above all things to be remembered that they are giving themselves up to a task, the faithful prosecution of which will entitle them to all the profit they may derive from the undertaking. Mr. Angus, who is the third essentially Canadian officer of the company, is a product of the best business school that Canada has ever afforded. Mr. Angus entered the service of the Bank of Montreal some twenty years ago, and after a career of unprecedentedly rapid promotion, found himself, while still a young man, at the head of the executive of that institution, shortly before the advent of that period of depression in trade which shook the banking world to its centre, and fell with full severity upon Canadian institutions. How he discharged that duty is a matter of history. Unlike most of the older banking establishments of the country, some of which indeed fell before the storm, and many suffered the severest reverses, the Bank of Montreal came out not only unscathed, but with undiminished prestige, having paid handsome dividends to its proprietors during all that period of distress. The price at which the stock of that mammoth institution, the second or third in the world with respect to its paid-up capital, sells speaks louder than words as to the skill with which her commander piloted her through the breakers into the smooth water of commercial prosperity, leaving her service only when the day of danger had passed away. The past career of all those gentlemen inspires us with hope for the future. Want of space prevents us from glancing at the other prominent gentlemen associated with these Canadians in the great work they have undertaken. They, however, require no eulogy at our hands, their reputation is as world-wide as those of the gentlemen we have named, while the means at their command, through their well known standing, is sufficient to build the road ten times over. And what does the building of the road mean to us in Canada? We might reply by asking what does it not mean? We have the authority of Sir Charles Tupper for saying that these gentlemen mean to have the road built to the foot of the Rocky Mountains within three years. That means that nearly the whole fertile belt of the North West, its valleys and plains, with their inexhaustible resources, will echo to the tread of pioneers within a very brief space of time; that hundreds of thousands of impoverished fellow-creatures will there find, within an incredibly short space of time, homesteads where they will throw off the shackles of poverty, of landlordism and of landlord, and develop, in a generation or two, into sturdy, self-reliant and prosperous citizens. It means also that the burden of securing immigration has been

RAILROADS AND POPULAR RIGHTS.

(New York Tribune.) It is a pleasure to see a great public question discussed with vigor, frankness and courage. There is so much demagogism and so much shallowness in current discussions of the more difficult problems of the time, that few or friend, if capable of appreciating real merit, must rise from the perusal of Governor Leland Stanford's letter on railroad regulation with a feeling of great satisfaction. Whether one wholly agrees with him, or wholly disagrees, it is impossible not to feel glad that the subject has been handled with such manifest sincerity and thoroughness of conviction, such singular courage, such complete mastery of the matter in hand, and such breadth and power of reasoning. Mr. Stanford, as is natural, looks at the matter from the railroad owner's point of view. It was time for some one to present that side. With fairness it may be said that there has been a great deal too much attempt to assert and set forth what are loosely called "the rights of the people against corporations." Cheap demagogues in every village, in most of the corner groceries, and in all of the legislative bodies, have been spouting for years, in utter ignorance of the fact that the interests of the people, and not their rights, are at stake. Strip the question of all husks, and it is this: Can the people afford to deprive certain property and enterprises of rights or freedom, in order to wield such control as it is possible for the people to exercise over the means of transportation? Is it for the interests of the people, in the long run and all consequences considered, to take from property employed in transportation the measure of freedom enjoyed by property employed in farming, manufacturing or trading? The correct statement of the question does not answer it, as some hastily suppose. It is possible that there are sound reasons, of public necessity and public welfare, for denying ordinary freedom or ordinary rights to property employed in this branch of business. But one thing is certain. No progress whatever toward a correct decision of the question can be made, until the question has first been correctly stated. All the clatter of shallow demagogues about the rights of the people is as barren, useless, and irritating as the popping of firecrackers on Independence day. In this country the people have now, and will have, all the rights and all the powers that belong to them. The question is whether they can afford to exercise all the powers that they have, or to deprive individuals of any rights that they now enjoy. Governor Stanford maintains that the people cannot afford to deprive those individuals who are engaged in transportation of any part of their property or their freedom. He loses a little time, as we think, in questioning the legal soundness of the decisions of the supreme Court in the granger cases. In a free country, denial of popular omnipotence only stirs up all the demagogues. The railroad companies have generally made a mistake in denying the power of the people to do this or that. What the people want to do, in this country, they will do—wise or unwise, just or unjust, sensible or unsensible. The only way to prevent the doing of a bad thing is to convince the people that it is a bad thing—either unjust or inexpedient, or both. Governor Stanford sets himself to do just what the railroad companies ought to have done long ago. He presents frankly and forcibly, the reasons for respecting and guarding the rights of property employed in transportation, and for leaving it as free as property engaged in other business. It cannot be said that his argument upon the legal phase of the question is particularly effective. It all turns upon the plea that the right of eminent domain is exercised only by the state, and only "upon the theory that investment by the railroad incorporators of their time and private property is of a character highly beneficial to the public." Very true, and in order to keep it beneficial to the public, as the State assumed and hoped that it would be, the State exercises, sometimes in charters or grants, sometimes in laws and sometimes through commissioners, its powers of restriction or regulation. All investments must be presumed to have been made in the understanding that the State could and would, if necessary, exercise whatever powers it has to that end. The question of questions is whether it is either necessary, or wise, or just, to exercise power in the modes or to the extent proposed. Upon this question, the argument of Governor Stanford is exceedingly forcible and clear. No one else has made it so plain that railroads have power to the minimum rates only where they have power to charge maximum rates upon business that is not thereby impeded or

transferred from the shoulders of the taxpayers with all the disadvantages a government railway would incur, to those of an enterprising business corporation, whose future depends on the success of this matter, and who will go about it in a more energetic way with the utmost economy of means, and the greatest results. Immigration is the most beneficial to the company, and they are not to neglect it. Already, through the exertions of the company, Canada and the Northwest occupy a more prominent position in the eyes of Europe than ever before, and in the eyes of their resources, the enthusiasm they have inspired, the influence they wield, and the power they organize all the vast schemes they now entertain, the condition of their existence, the people of the world will recognize in a greater degree than they have the wisdom which has transferred the burden of our civilization from the wilderness, and of our country's great national work from the backs of the taxpayers to the shoulders of a powerful and labor-saving class of capitalists.

THE BIGGEST LAKE VESSEL

At Bailey Bros. shipyard, Toledo, is building the largest vessel on the lakes. She will be the most masterly vessel that fresh water owns. Her dimensions are as follows: Length of keel, 265 feet; length all, 278 feet; breadth of beam, 38 feet; depth in shallowest water 21 feet, in deepest part 24 feet 6 inches. She is to be a double-decker, lower deck 11 feet; between deck to spar deck, 11 feet; two main deck boxes, the forward one 27 feet long, the aft one 25 feet long. She is also filled in solid forward by a solid breast hook, oak timber, 12 by 14 inches, long through and through by 1 1/2 inch iron. She is to be locked off by square fastenings. Her deck beams, lower ones, are 10 by 11 inches, her upper deck beams numbering 255 and 200 are 6x6, galleons 6x6, and Kelsons are of the heaviest descriptions to give a good deck beam, 5 feet 8 inches high and 21 inches thick, running through and through. Her mainmast is 4 by 14 inches and will have a monkey run up forward and aft, and to give the vessel added strength she has one arch or iron bolt that runs around the whole vessel, of 8 inches wide and 1/2 inch thick, also a diagonal strip outside of the frame of an angle of forty-five degrees, of iron four inches wide by three-fourths of an inch thick. Her masts and foremast will be above decks. She is to have windlass and four capstans furnished by the famous patent windlass company, R. I. Her blocks and tackle are to be all nickel-plated. Her rig of five spars is to be fitted out with square rig on foremast, the other four spars to be rigged with four and aft canvas, carrying three jibs, square foremast, double top sails, main and mizzen topmast staysail. The canvas will spread when it is shaken out to the breeze to 5,500 yards. It is expected that she will be ready for service about March 1st, providing the necessary arrangements can be launched. Her estimated cost will be in the neighborhood of \$25,000, her carrying capacity will be 140,000 or on 14 feet 6 inches water will be from 30,000 to 35,000 bushels of corn. Her name is St. D. Carrington of the grain commission, Messrs. Carrington & Casey—Lumberman's Query.

NEW PROPELLER LINE

Arrangements are now so nearly completed for the starting of a new propeller line from the city of Montreal, with the opening of navigation in the spring, that there is no doubt the enterprise will be undertaken. The boats which will comprise the line are chiefly owned in Canada. They are all of the staunchest propellers, of good size and can be easily handled in the rapids of the St. Lawrence. The headquarters of the line will probably be Kingston, Ont. The line is already chartered for all the boats (the boats can carry except dock freight, by a Liverpool firm, and the bulk freight will be grain). The success this season is secured. The point at which the grain will be taken is not definitely settled, but will be Cleveland if facilities for loading are advantageously assured here. If not, the propellers will run to Toledo. If the grain is taken here the boats will proceed direct from Cleveland to the city, where they will connect with the Toronto boats. From the canal they will run direct to Kingston, Ont., then down the St. Lawrence through the Thousand Islands, touching at Alexandria Bay, N. Y., Brockville and Prescott, Ont., and at all towns below the Canadian side. The run through Lake Ontario will be during the night, and this will be the only tedious part of the journey, the remainder of the run will be by daylight, and afford travellers ample opportunity to see the most delightful river on the globe. It is very evident that this is the initial step toward a much needed line of steamers connecting the large and important American lake and river ports, and running down the St. Lawrence river. It is in furtherance of the purpose of enterprising Canadians, in enlarging the Welland and St. Lawrence canal locks, to open a capacious water way from the western granaries to Europe, via the St. Lawrence. Those who are interested in the enterprise should take the intention to be early in the field, and invest into a first-class daily line of steamers, if the business promised at the beginning is realized to an appreciable extent. In connection with this enterprising steamboat man are canvassing the revival of the weekly steamer line to Port Stanley, Ont., on the opposite side of the lake. The business of this line was destroyed when the N.T. boats changed their route from Ogdenburg, N.Y., to connect with the Grand Trunk Railway at Sarnia. All but four—probably three—of the N.T. boats have been sold by Chamberlain, and the line broken up. The business now open from Cleveland across the lake for an enterprising line to make some money as before. The business in former years was excellent across the lake, and the growth of Cleveland has been so rapid now would make it much better than ever. Nothing definite has been settled in this line, but the enterprise is occupying the attention of several enterprising men.—Cleveland Leader.

—The salt industry of Michigan has been producing place in the saline production of the world. Works that used to produce 10,000 to 20,000 tons now produce 40,000 to 60,000, by reason of improvements, and the cost of manufacture has been reduced from \$1.50 per barrel to 45 and 50 cents. The production by the steam process is now producing a larger portion of salt made in Michigan. A season of the Saginaw product with that of Onondaga shows that for several years past the former product largely led the other as a salt-producing point. In 1880 the salt product of Onondaga amounted to 3,000,000 bushels, and that of Saginaw to 1,500,000 bushels. Saginaw is now the largest salt-producing district in the United States. The bulk of this product is consumed in the Western States.