

add the extra earnings on this money to their shareholders' dividends. The risks are, however, considerable. It is always a hazardous thing to deal with a crowd, especially so sensitive a crowd as one of small capitalists. A few breathings of unfounded suspicion act upon them like wind upon water. And on this account again we discountenance the multiplication of Building Societies. Better a few, large and strong, than a number, small and weak; and there is this further danger in the case of new and small institutions, that while they have not public confidence to enable them to do a profitable savings business, they desire to emulate the older and stronger societies, and may, like the frog in the fable, burst in the attempt. There is this argument in favor of the establishment of many such societies, that thereby the rates of interest will be reduced, and the public benefitted. We do not, however, think it sound. Competition will be just as keen between four or five large institutions as between a great number of smaller ones. And this fact is to be remembered, that the reductions which have been made, have originated with the largest of the societies, and that they have actually been made quite as fast as the state of the money market demanded. We have no doubt that, in a few years, the rates of the societies will be still further reduced. And we believe that such institutions as the Canada Permanent are destined to play a still more important part in the economy of the Dominion than they have ever yet done. Hitherto they have helped the mechanic to acquire a home, the farmer to clear his land or put up buildings on it. Some day they will come into use as helps to underdrain some lands, to re-fertilize others, to carry on agriculture on new and improved systems, and possibly as helps to municipalities to make roads, sewers, streets, &c., upon terms more satisfactory to ratepayers than by the issue of debentures.

FREE TRADE vs. PROTECTION.

We publish with great pleasure a letter from a gentleman in England, whose contributions to the *Westminster* and other of the great English Quarterlies, have established his reputation as one of the foremost critics of the day. His opinions are, therefore, entitled to the highest respect:—

A native of Europe is accustomed to regard Canada, the United States, and Australia, as new countries, in which the fallacies once prevailing in the old world have no influence. It is with extreme surprise, then, that an European beholds the tendency of the new world to adopt, and act upon as truths, economical doctrines, which in England, France and Germany, are now generally regarded as mischievous fallacies. A few persons excepted, whose opinions on all subjects carry little weight, no writers of reputation on this side of the Atlantic venture to defend the exploded theories of Protection. Banished from the old world, protectionists appear to have found a congenial home in the new, and they will, doubtless, flourish there until the standard of culture shall have been raised. The delusions of Protection cannot live save in an atmosphere of prejudice.

The foregoing reflections are the fruit of the perusal of a pamphlet entitled "Protection and Free Trade," by John Maclean. Of the author, I know nothing personally, but I gather from his pamphlet that he is a man of great ability, and is well versed in the subject of which he treats. Indeed, so favorable is the impression made on me of his powers, that I cannot help marvelling how a writer of his acuteness should have failed to detect the unsoundness of his own premisses. He cannot be ignorant of what Free Trade really is, yet he argues as if his perverted definition of it were the true one. His fundamental error consists in stating as a fact, admitting of no question, that freedom of trade has been advocated by Englishmen, because it is advantageous for England. Here are his words taken from page 36: "The real, fundamental principle of the English movement is not Free Trade, simply as such, as is so commonly but erroneously supposed. It is the developing of home industry, which is the great guiding principle, while that this is done by Free Trade is almost wholly an accident of England's peculiar position among the nations." Mr. Maclean saves an opponent the trouble of contradicting this, for at page 11 he contradicts it himself. He there censures England for being so consistent a Free Trader as to permit the export of coal to the continent, and thereby sap the foundation of her supremacy as a manufacturing country. But the question is a much broader one. It raises the issue, what system is the best for the whole world, whether will a policy of Protection or Free Trade prove the more certain to increase the sum of human happiness? In this spirit, European Free Traders have discussed the subject. They have speculated for the benefit of the human race, not for the temporary advancement of a particular country. Several of the writers whose labours have chiefly contributed to the establishment of Free Trade in England, have been natives of countries, which, on the showing of Mr. Maclean, have everything to lose should Protection be abandoned. This consideration leads me to examine the syllogism which at page 17 is presented to Free Traders, and in which they are challenged to pick a flaw: "The natural course of progress being, from the commercial to the mechanical or manufacturing stage—which latter is the superior or more advanced stage—the tendency must be, as civilization moves onward, to import less and to manufacture more—that is, relatively though not absolutely." Now, the flaw in this syllogism is that it is based on an assumption. It is an assumption, and nothing more, to maintain that civilization is to be found only where there are cotton mills or iron foundries. I do not know how Mr. Maclean would define civilization, but he grants that it is a condition of society which permits the individual to obtain, without exhausting labor, all needful bodily comforts, and to bestow due care on the cultivation of his mind, then I contend that such a state of society has existed independently of mechanics or manufacturers. The whole history of ancient Greece is a brilliant proof of the amount of progress which may take place in a purely agricultural country. In the future, the condition of an agricultural will be assimilated to that of a manufacturing country, for the time is not far distant when the production of grain and vegetables will demand as much skill and scientific knowledge as any chemical process or mechanical trade. If Mr. Maclean be right, and if "the tendency must be, as civilization moves onward, to import less and to manufacture more," then the logical conclusion is irresistible, that each civilized country must manufacture everything it requires. Carrying the rule a few steps further, we must conclude that every civilized man ought to be his own tailor, shoemaker and hatter; in other words, when in the highest stage of civilization, he must act precisely like the savage in the lowest stage of barbarism. I prefer the alternative, that in a perfect state of civilization, each individual and each nation, will interchange the products and articles which they are fitted by natural circumstances, to produce or manufacture.

This, however, is what Mr. Maclean, at page 25, styles "a prominent argument with

free traders." Admitting that in certain countries the raw material is to be found, he denies that the skilled labour necessary for utilizing it may not be transferred from one country to another. He thinks "the transfer to Canada of many branches of manufacture carried on in England, France and the United States, appears both practicable and probable." The essential requisite, he says, "is a permanent system of encouragement of home industry." This means that the people of Canada should make a perpetual sacrifice in order that certain capitalists might thrive. If they choose to do this, and if, when they pay higher prices for the goods manufactured at home than they would have done for the same goods imported from abroad, they console themselves with the thought that what they squander in money they gain in patriotism, no one has reason to complain. It is probable they would ridicule the folly of others who would do likewise. Whoever wishes to see them prosper, must protest, however, against their adopting the well-meant but misleading advice of such writers as Mr. Maclean. Their wealth is in their land: their mission is to cover their territory, from the Atlantic to the Pacific ocean, with workers intent upon extracting from its soil the riches wherewith it is endowed. This wealth does not consist merely in the forests which can be converted into timber, or the harvests of grain which may be reaped; it also consists in those minerals which, unlike the waving cornfields, cannot be wasted by insect or blighted by weather, and for which there is a perpetual market where they can be sold at a splendid profit. To introduce protection for the sake of encouraging the home manufacturers of Canada, would be suicidal. It would be equivalent to a reckless waste of the national resources. Moreover, it is the policy of Canada, as of all countries, to encourage Free Trade on other grounds. When the ideal of its originators is converted into a reality, we shall hear no more of feuds between nations. When the agricultural and mineral is dependent on the manufacturing and commercial country for its manufactures, and when the latter depends upon the former for its food, war between nations will be as much a crime and as rare, as murder is in the case of individuals. Free Trade is emphatically the precursor of progress and of peace.

Believe me,

Yours faithfully,

W. F. RAE.

London, Eng., Jan. 30, 1868.

IMPORTANT FINANCIAL MEASURE.—Among the financial measures recently introduced was a bill by General Garfield, of Ohio, providing that the Secretary of the Treasury be authorized and directed to pay gold coin for Legal-tender notes which may be presented to the United States Assistant Treasurer at New York, on and after the 1st of next December. At that date exchange is to be made at the rate of one dollar in gold for one dollar and thirty cents of legal tender notes. After the first January, 1869, the rate is to be one gold for one and twenty-nine cents in paper, the amount to be one cent less of paper money every succeeding month until exchange between gold and legal tenders becomes equalized. After June, 1871, the Secretary of the Treasury is to exchange gold for legal tender notes, dollar for dollar. Mr. Garfield also introduced a bill to legalize gold contracts. Both measures were referred to the Committee of Ways and Means.

TORONTO STOCK MARKET.

(Reported by Pellatt & Osler, Brokers.)

Bank Stock.—Business in stocks continues dull. Bank of Montreal has again advanced, and there are now buyers at 128½, but no sellers under 129½. There are buyers of British North America at 102; no transactions. Holders are asking 98 for Ontario, but there is no demand. Bank of Toronto has been sold at 111; buyers generally offer 110. There are sellers of Royal Canadian at 91. Bank of Commerce is offered at par, and Gore at 80½, without transactions; for