

generous policy of Protection than had hitherto been tried, and, in 1860, the Morrill Tariff took effect, and formed the first of a series of protective enactments, extending over a period of 14 or 15 years, and these, with some modifications, continue in force. This period was one of wonderful prosperity, notwithstanding that, during four years of the time, a gigantic and destructive civil war was in progress. The crisis of 1873 was world wide in its effects, but was not followed in the United States by the complete paralysis of its industries, as was the case in 1847 and 1857. The great devaluation of the currency, and corresponding inflation of prices consequent upon the suspension of specie payment and the issue of irredeemable paper money, formed disturbing factors in business which it is unnecessary to discuss here. What is the present condition of the country? Can it be denied that, in the extent, variety and quality of her manufactures, the United States to-day compares favorably with any country in the world? Is it in the least probable that this position could have been attained without protective legislation? Would her coal, iron and other mineral resources have been developed to such a degree as they are at present? The recent "boom" has demonstrated in a signal manner the extent and perfection of her facilities for the production of goods; excelling a wonder equal to that caused by her marvellous capacity for consumption. The fever of speculation has now subsided, and a steady, active business has set in. Factories, mills and furnaces are busy on profitable orders, giving employment to hundreds of thousands of skilled mechanics and labourers, at remunerative wages. Let us glance at a page of our own history. So far as concerns manufacturing interests all is a blank until 1838. In that year Sir A. T. GALT introduced a bill in Parliament, as a protective measure, admitting raw material free and placing a duty of 20 to 25 cts. upon manufactured articles. This tariff had the effect of bringing capital and skilled labor into the country, and a large number of new enterprises were started and fresh impetus given to those already established. In November, 1867, Confederation took place, and a reduction in the tariff was required to meet the demands of the Maritime Provinces. Exceptional circumstances prevailed during this period which prevented the immediate bad effect of this reduction. The high prices of goods and wages established in the States, when the currency was depreciated to a very great extent, did not immediately recede when it approached a gold standard, and the extraordinary prosperity following the close of the war so occupied the attention of their manufacturers, that they had no time nor inclination to make war upon our Canadian manufacturers. The Mackenzie Government, although opposed even to incidental protection, advanced the tariff to 17 1/2 per cent. for revenue purposes. Without charging this government with the whole responsibility of the terrible prostration of trade and manufactures which existed during the last few years of its being in power, it is impossible for any man of reflective judgment to think otherwise than that a judicious re-adjustment of the tariff on the protective basis, would have ameliorated the condition of the sufferers, if not entirely averted disaster. At the general election of 1878, the question of Free Trade or Protection, for the first time in the history of Canada, came up as a political issue. It was the only important question of policy upon which the two parties differed, and the case having been submitted to the people, the Conservative party being pledged to Protection, gained an overwhelming victory. The Government having been formed by Sir JOHN MACDONALD, Sir LEONARD TILLEY, as Finance Minister, was entrusted with the task of constructing a tariff upon the basis of protecting all the industrial and commercial interests of the country without doing injustice to any. Sir LEONARD'S first move was to get facts and information, and his second, the services of experienced and reliable statisticians, also of practical business men. All classes of merchants and manufacturers were consulted—deputations conferred with; and the result was the tariff which took effect in March, 1879. In answer to the question "why Canadian industries should be protected," history shows that without being protected manufactures have never flourished—every Free Trade period has ended in almost universal bankruptcy, and prosperity has only been regained by re-adopting protective principles. Situated as we are in Canada, on the borders of a great and powerful nation, with resources and facilities developed to the highest degree by a system of protection, it is absolutely impossible for our manufactures to extend and prosper without being fostered and encouraged by legislation. Our neighbors are vigorous and aggressive—their wealthy corporations can well afford, as they have frequently done, to sacrifice their goods in our market in order to crush out our incipient industries. This same policy was pursued by English manufacturers towards the United States, until the high tariff made it impracticable. Who are now loudest in condemnation of the new policy? Is it not FOREIGN MANUFACTURERS AND THEIR AGENTS HERE? If, as is asserted by Free Traders, the consumers pay the duties, why do importers of foreign commodities complain so bitterly? What is the ambition of Canada, with her vast extent of territory, her grand chain of navigable rivers and lakes, rich mineral deposits and unlimited water powers? Is it simply to be an agricultural country, and to remain poor and sparsely settled? It is just as improbable judging from the experience of the past, to expect this country to increase rapidly in wealth and population, without flourishing manufactures, as to expect corn to grow on a stalk without leaves. We

can neither retain our own population nor attract immigration from foreign countries, without giving the diversity of employment. To secure and employ skilled mechanics, capital is required, and capitalists will not invest in enterprises which may at any moment be crushed. They require and should have the guarantee of a matured National Policy.

PRODUCER AND CONSUMER

We have already quoted pretty freely from a remarkable article in a recent number of the London *Saturday Review* in which several startling admissions are made. It is admitted that this is a "protectionist world," that the world which English free traders once dreamed of now appears less likely than ever before to become a reality, and that "in their present low estate" they must plead with other nations for reciprocity, though this logically amounts to a surrender of the bottom principle of their system. Foreign nations, says our contemporary, look at the producer's interest only, and cannot be persuaded that the consumer has any interest that the Government is bound to respect. As we have said, it is also a thing to be remarked upon that it is precisely the greatest, the most advanced, the most civilized, and the most progressive nations that have of late shown the most determination in establishing protection, not as the experiment of a day, but as a system to remain and meet the test of time. We have but to name France, Germany and the United States to show that this is no idle or unmeaning statement, but one truly founded on facts. The *New York Iron Age*, we observe, devotes some consideration to the same article, and thinks that, much as our English contemporary has admitted, consistency requires it to admit much more. "From first to last," says the *Saturday Review*, "it is only the producer that they (foreign protectionists) think of. . . . They regard the community solely in its producing capacity, without in the least recognizing the fact that each producer is in himself a consumer of more things than he produces"—to which the *Iron Age* thus replies:

"It would not correctly define the difference between the two schools of political economy to say that Protection considers the interest of the producer, while Free Trade considers the interest of the consumer; but, were it true of Protection, that it made the interest of the producer more than temporarily paramount, it would have ample justification in the fact that every individual in the community who is of any value to society has larger interests as a producer than as a consumer. It is not true that 'each producer is himself a consumer of more things than he produces,' nor is it true if his family and dependents are included. If by 'more' is meant a greater variety, it is true enough; but if we take it in the sense in which the word 'more' is used by the *Saturday Review*, as meaning a greater amount, it is not true, and cannot be. Under such circumstances a nation would tend steadily, rapidly, and inevitably towards starvation and bankruptcy, as some have done, and others are doing, in consequence of having maintained Free Trade relations with every land. In this country production exceeds consumption by the amount of our annual accumulations of wealth, and by the extent of our surplus of merchandise exports over imports. Every house built, everything made and kept for use, every acre cleared and brought under cultivation, every dollar saved for investment, represents something that labor has produced in excess of current consumption. It is an economic axiom that the end and aim of human effort is abundance; but how shall abundance be reached, or even approximated, if there is no surplus of production over consumption from year to year?"

The *Iron Age* well disposes of the assertion, or implication, whichever it may be, that in a prosperous country there would be more consumed than produced, leading to the inference that, therefore, the interest of the consumer is greater, and of more importance to the State than the interest of the producer. But there is something more to be said with regard to the effect of Protection on the interest of the consumer; it does not work against him, as the Free Traders argue, but in his favor. When a duty is imposed upon any article, for the purpose of Protection, the intention is to cause the article to be made at home. Now observe what follows, supposing the purpose to be accomplished, in any important degree. To the production of foreign countries, from which the supply was drawn before, a large home production is now added, there is more of the article seeking a market. The consequence is that the consumer is better supplied than before, and prices fall. Take the American manufacture of steel rails, for instance. From 1867 to 1870 steel rails sold at from \$100 to \$90 per ton in England, but in the latter year the price had fallen to about \$50. That year the manufacture, before only experimental and on a small scale, was begun in earnest in the United States, with the high Protection duty of \$24 per ton, since reduced to \$25, which is still a very high figure. Now, did the high duty keep up a high price for steel rails in the United States? Nothing of the kind, instead of that the price has kept falling, as the following figures show, being the prices per ton, in currency, average for each year, also, the year's produce, in the United States, in tons:

Year.	Product in gross tons	Price in currency
1872	83,901	\$112 00
1873	115,192	120 50
1874	129,414	94 25
1875	260,069	68 75
1876	398,269	59 25
1877	500,965	45 50
1878	601,497	42 25
1879	806,297	45 25

As the home production increased, so as to toll more and more on the market, the price kept falling, until a price much below the old English price was reached. In February last a number of prominent railway men were examined on this question before the Ways and Means Committee at Washington, and several of them said they supported the duty for the reason that it kept up the home manufacture and assured an abun-

dant supply of steel rails at a reasonable price. In other words, they believed that the way to a cheap steel rail lay through Protection. It is not easy to say what would have been the price of steel rails in England, during recent years had there been no American protection and, consequently, no American manufacture to keep the price down. But everybody in the trade well understands that, had there been no American manufacture English price would have been very much higher. This remarkable and important instance of the consumer benefited by Protection is worthy of being considered.

THE HOME MARKET

From the Free Trade side there comes an old objection in a new form. Our own manufacturers, it is said, have no more right to the home market than foreigners have, and the latter should be admitted to share it the same as the former. To give home manufacturers superior privileges in the home market is in principle the same as what the French Seigneurs did, when they had by law the power of compelling the people to grind their grain and buy their flour only at mills belonging to the favoured class. There is a difference between the two cases, which the objector fails to recognise. The old French law was specially directed against home enterprise; men who wished to build mills at home, and to run them, were prevented from doing so, through a prohibition resting upon the people who might have been their customers. But protection, on the contrary, stimulates home enterprise and expands it, in fact this is the very aim and purpose of a protective policy. We set foreign production on our ports of entry, but within the market is free as air to all who have the ability and the enterprise to try it. Anybody amongst us, having the necessary capital, is at liberty to join the ranks of the "protected manufacturers" if he chooses. As is well-known, there is now an excess of money invested in bank stock or deposited in banks and drawing only moderate interest. If the profits of manufacturing under such protection as we now enjoy in Canada are so enormous as represented, why does not this money leave the banks and seek investment in the "monopolies" we hear of? There is a point in connection with this home market controversy which is worth stating. In a hundred trades, occupations and professions, the home market is and must be almost exclusively possessed by our own people, that is, by ourselves. Bakers, butchers, tailors, shoemakers, masons, carpenters, blacksmiths, wagon-makers, doctors and lawyers, belonging to Canada, have almost exclusive possession of the home market for the various articles they sell and the services which they render. We may employ a few foreigners in building, either as architects or workmen, and a celebrated foreign doctor may occasionally be called to a Canadian patient. But, in the instances named, and in a hundred more that might be named, the controlling circumstances of residence and neighborhood compel each of us to depend mainly upon near neighbors for the supply of our wants. This is not felt as hardship, but is accepted as a matter of course. Two instances of another kind may be cited. The Canadian duty on cheese is three cents per pound, the American duty four cents. The lowest of these figures is high enough to shut out foreign competition, except to a very limited extent in fancy makes. Canadian makers have, therefore, a monopoly of this market, while American makers hold a monopoly on their side of the border. Now, according to the "monopoly" view, the price here should be at least three cents higher than in the States, while in the States it should be four cents higher than in Canada; but instead of that, we find that the difference between the Province of Ontario and the State of New York, in the price of cheese, scarcely averages a quarter of a cent. It is by pressing the free trade theory home to its logical conclusion, as in this example, that its absurdity can be best demonstrated. Again, we impose 25 per cent. duty on boots and shoes, the Americans, 35 per cent. On the home market monopoly theory prices ought to be 25 per cent. higher in Montreal than in Boston, and 35 per cent. higher in Boston than in Montreal, such is the absurdity to which the theory would lead us. But what we do know as a matter of fact is, that Canadian and American prices differ by fractions only, and that on both sides of the border there is an abundant supply of boots and shoes for the million at very low prices indeed. The objector assumes the existence of a monopoly of the home market possessed by somebody; something which does not exist, the market being free to all who are able and willing to manufacture at home and take the risk. The retention of our own home market by our own producers is no monopoly, but, on the contrary, destroys monopoly and reduces prices. The right of our own producers to the exclusive possession, as far as possible, of the home market, is capable of a good logical defence, and we hope on another occasion to show the grounds upon which it rests.

The Emperor of Brazil has been speculating in coffee. He shipped coffee to New York and Baltimore, drawing bills against it and forwarding them to London, thus obviating the difficulties which arose from the high rate of exchange between Brazil and England owing to the depreciated currency of the first-named country. The coffee was sold at a good profit, and Dom Pedro demonstrated that he possessed not a little ability as a merchant and financier.

It is proposed to have an International Exhibition in Rome in 1885-86 and a journal has been started further the project. An effort is being made to secure the celebrated buildings and mounts for the exhibition.

The official statement of the imports and exports of the United States is completed, and the statement made up to June 30. It is found the trade is the best ever known in the history of the country. Total exports were \$852,936,843. Total imports, \$700,875. Excess of exports, \$152,063,968. The imports were greater than in any former year.

An official return of the revenue derived from tobacco in the United States shows a remarkable increase in the consumption of cigarettes. The month made this year was 108,000,000 against 2,000,000 last year. The revenue yielded by tobacco from all sources during the last fiscal year amounted to \$870,140, a decrease as compared with the previous year of \$1,214,962. This falling off resulted from the lowering of tax on manufactured tobacco, and from 24 to 16 cents a pound. There was an increase over the preceding year of about 13 1/2 per cent in the number of pounds taxed and about 16 per cent in the number of pounds of snuff.

A DISPATCH from London says: "At the Manchester Assize several officers and directors of the Northern Counties of England Insurance Company were found guilty of fraud and conspiracy in falsifying the company's accounts. The General Manager was sentenced to eighteen months' hard labor, the Chairman of the Board of Directors to twelve months' hard labor and four others to six months' imprisonment." This the *Chicago Journal of Commerce* adds: "If prompt justice could always be meted out to fraud and conspirators in the insurance business in this country, it would be a blessed good thing; and the people interested in insurance would cry Amen."

From the reports of the British Board of Trade for the half year ending with June last, it is seen that considerable increase has taken place both in imports and exports. The former amounted to \$1,053,000,000 as against \$893,000,000 during the corresponding period last year, and \$948,000,000 during the first half of 1878. Exports are valued at \$338,000,000, as compared with \$441,000,000 in 1879 and \$473,000,000 in 1878. For the month of June the increase in imports over June last year is \$40,000,000, and the increase in exports \$20,000,000. A large increase in exports appears under the head of cotton, cotton goods, linen piece goods, iron and steel, wool, woollen stuffs and carpets, though the augmentation is not striking when compared with 1878. The heaviest and most enlarging market for cotton piece goods is the British India.

The stockholders of the First National Bank of Newark, N.J. (suspended), have been served with official notice that they will be required to subscribe one hundred per cent. on their stock to make good the deficiency created through mismanagement. The capital stock was \$300,000, divided in 3,000 shares. This sum will have to be raised from the unfortunate shareholders, upon some of which the assessment will fall heavily. The official order demands the money to be paid in sixty days, or in cases of refusal proceedings will be instituted to recover. Referring to the above the U. S. *Economist* says:—"This is the most sweeping penalty ever inflicted upon bank failure in this country, and will bear its appropriate fruit. Shareholders in financial institutions will be so careless in the future when they remember through this example, they will be called upon to make good any deficiencies resulting through their control."

LATE English exchanges contain full reports of an interesting case heard before the Master of the Rolls, wherein the "Guardian Fire and Life Assurance Company" was defendant. The proceeding was brought to restrain the defendant company from using the title under which it was used "or any other title framed as to be a colorable imitation of the name or style by which the plaintiff's business is carried on, tending to deceive the public." The evidence showed that the defendant was incorporated March 10, 1877, and succeeded to the business of a company which had been in existence since 1877 but is now being wound up, and whose name was the "Guardian Horse and Vehicle Insurance Association;" that the distinguishing words Horse and Vehicle had been gradually dropped and the corporation came to be known as the Guardian company; that the business was carried on at an office on Lombard street, near that of the plaintiff; that a number of mistakes in the delivery of letters and otherwise had been made, the one corporation being taken for the other. In these circumstances the Master of the Rolls held substantially that while there may have been no intention on the part of the defendant to appropriate the plaintiff's name or obtain any of its business by such appropriation, there was such colorable imitation of title as warranted interference, and accordingly it was ordered that the defendant should be restrained from using words and conduct its business under the name of the "Guardian Horse, Vehicle and General Insurance Company."