

will bear an addition even of 30 per cent. to prices without hating the Government, and without crying out for any tampering with the promises to the public creditor, good faith with whom is, above everything, essential to colonial prosperity. But they are, as compared with Europe, very few, very much scattered, and very impatient of direct demands from officials whom they appoint, and they will not bear heavy direct taxation, a property tax, or an income tax, or a tax upon successions. Such taxes necessarily, if confined to the few, would, on account of their fewness, be excessively heavy; and if extended, as in Germany, to the many, would be inordinately expensive and difficult of collection. To collect an income tax from a distant station would cost more than it was worth. Either, therefore, money must be raised by indirect taxes—that is, by making everything, except food, rather dear, or the colony must be governed cheaply, and the colonists distinctly and emphatically prefer the former alternative. They have no notion of a Government which can do nothing because it has no money. They want it to do a great many things which cost money to complete public works, to bring out emigrants, to guarantee railways, to make experiments in every kind of enterprise, and would rather subscribe under regulations for these ends than not secure them. Indeed, to speak frankly, it is very doubtful whether, if the revenue were too small, the debt would be respected, whether the interest would not be taxed or paid in inconvertible paper, a currency craze being quite as possible in Australia as in the United States. Heavy duties thus become imperative, and as the circumstances of a colony do not admit of heavy excise duties, they must be custom duties, which are easily and cheaply collected, are not felt except in the rise of prices, and, in the case of colonies like the Australian, can hardly be evaded. Smuggling, considering the distances to be traversed by importers who had to avoid regular harbours, would be too expensive an amusement. In Europe, where the population is dense and poor, light duties produce very often more money than heavy duties, on the principle that twenty pennies are worth more than a shilling; but, with a comparatively small and very thin population, which is also very well off, this is not invariably the case. The people of England, for instance, if the duty on tea were reduced one-half, might drink five times as much as before, and so refill the Treasury, but the people in Australia wishing for tea, and buying all they wish for, would not, if the tax were reduced, drink five per cent. more.

Heavy duties being thus, as Australians think, imperative, the only question remains whether they should be placed on luxuries not produced in the colonies, or on articles producible in the colonies, and therefore act as protective duties. The Australians say they should be protective, because protective duties in new countries tend to foster multimiform kinds of industry. Their statesmen say they are quite aware that they are taxing the consumer for the benefit of the producer, and quite aware that they are diverting energy from its most productive channels; but that they do this deliberately, rather than see their

people reduced to very few and very uniform occupations. They say, for instance, that the natural occupations of Victoria are agriculture, sheep growing, cattle rearing, and gold mining, but that these occupations will not attract all their people. None of the four attract persons of weak physique. None of them absorb female labour. None of them give subsistence to that section of mankind which cannot, or will not, labour in the open air, which is, in fact, apt only for comparatively sedentary work. If the whole population is to be happy and industrious there must be varieties of possible work for them, and to create these varieties the State must aid nascent manufactures, either by advancing capital, which the colonies cannot do, or by giving bounties, which is an invidious practice, or by granting so much Protection as shall insure to home manufacturers the command of the home market till they are strong enough to stand English competition. Protection, they affirm, is a poor law worked in a way which prevents its object from feeling pauperized. It is a tax upon the majority who cultivate, and who, cultivation being the natural work of the country, are, therefore, comfortable, for the benefit of those who are too weak to take to that work, and would otherwise be impoverished till they became dangerous to the tranquility of the cities and to the prosperity of the colony. The protective duties are, in fact, large bounties deliberately paid in order that cities may grow, that capitalists may arise who are not squatters, that the feeble may be fed, and that civilization may take the varied form it assumes in Europe, which is the Australian ideal; instead of the uniform form it assumes in Asia, which is not their wish. The Australian statesmen do not want to rule a people of shepherds, but a people, as like the people of England as may be, and for this they and their followers are willing to make heavy sacrifices. They had rather, for instance, that Melbourne became a great civilized city, like the cities of Eastern Europe, than that the population of Victoria had no Melbourne, but were all a little richer. They are willing to impose and to endure compulsory subscriptions towards the existence of Melbourne.

There is a great deal in the foregoing statement of the causes which have led the colonists of Victoria to favor a protective policy that is applicable to Canada. The *Economist*, although it does not concur in the colonial reasoning on the subject, has little hope, if we may judge by the concluding paragraph of his article, that there is any probability of free trade being adopted in the colonies at an early period. The *Economist*, we are bound to acknowledge, discusses the subject in a much better spirit than the English press generally.

It should not be forgotten, in considering the time during which the protective delusion may last, that the agricultural population, which would appear to be so injured by the colonial form of Protection, is not quite so hostile to it as it should be. It also desires that many kinds of indus-

try should exist. It imagines that such industries diminish its own internal competition, supply it with a home market for produce, and enable it, if discontented with agriculture, to find other work. It looks to city life as an alternative, and is not disposed to legislate entirely in its own interest when all citizens are maintaining that such legislation must necessarily be ruinous. The agricultural population follows the advice of the urban population very much, as we see even in America, where only the South is heartily for free-trade, and is very slow to see that it is specially injured by the heavy duties which the manufacturing classes desire, and which yield, or appear to yield, the revenue essential to improvements. It will take many years to enable the shepherds, stock-farmers, and cultivators, to see this clearly, and, meanwhile, powerful interests are growing up dependent upon Protection. An entire generation has grown up in America devoted to Protection, and we greatly fear it may be an equal time—twenty years at least—before Australians and Canadians weary of efforts to foster artificial industries by heavy customs duties, or learn to endure the direct taxation which, until population grows dense, and light duties become productive, are the only alternatives. No light duty will draw a large revenue from less than a million of souls.

FIRE LOSS APPORTIONMENTS.

In a letter which we print in another column "Alkali," whom we have previously had the pleasure of answering upon this very subject, vehemently attacks our method of apportioning losses illustrated in our issue of the 13th April, defending at the same time the present system, and boldly asserting that a policy for \$600 upon two ranges covers each and both for that amount at one and the same time, which, be it understood, we never once disputed, but merely wished to point out the absurdity of such a system; and at the risk of being considered a "novice" by our correspondent, we must repeat that there is a "glaring inconsistency" in supposing that a policy for \$600 upon say 600 barrels of flour in two warehouses, in one of which there are 400 barrels and in the other 200, covers the former at the rate of \$1.50 per barrel, and the latter at \$3.00! That the insured "has for one premium procured indemnity against the burning of either one of the two" is exactly what we take exception to, and a blot upon the present mode of dealing with apportionments, though we would remark that the premium has nothing whatever to do with a policy's liability. Two offices may receive a different rate of premium on the same property, but such does not alter their respective liabilities in event of loss. Formerly, a merchant in Liverpool having \$20,000 of goods in two floors of a warehouse could, by a policy for \$10,000, claim up to that amount for loss on either one