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PROTECTION IN ITALY.

ENGLAND is confronting a condition of Protection in many European States that far outweighs in importance all her theories of Free Trade. Mr. Henry O'Neill, the British Consul at Leghorn, in a recent consular report to his Government, shows that Italy's policy of Protection is gradually but slowly closing the markets of that country against British manufactures, while at the same time the influx of British capital into Italy to promote native manufactures is extraordinarily large. He says :

Nor is it British capital alone that has found its way through the hostile barriers ; for we find English firms in alliance with Italian houses at Naples, Genoa and other cities, for the production of machinery, while German and French firms control the operations of jute mills at Lucca and the glass works at Pisa. If Italy is determined to exclude foreign-made goods, the foreigner on his part is equally determined to supply the necessary "sinew," and the trained technical knowledge. None of the industries which are now being sedulously fostered at the expense of the native consumer, could exist for a single day if the hostile tariff was withdrawn. Nor does the money made in these industries remain in the country, for the foreign capitalist—who is the person benefited—withdraws a large portion of the profits, although, of course, he gives an impetus to local employment. To the present hostile tariffs are the Government indebted for a large portion of their revenue. The customs duties levied upon imports in 1889 averaged nineteen per cent. of their total value, and upon many articles of daily use the proportion is far greater. This will be seen from the fact that upon every franc's worth of coffee imported sixty cents were paid ; for the same value of wheat twenty-five cents ; the value of refined sugar was increased to the extent of 180 per cent. *ad valorem*, or a duty of ninety francs upon a value of fifty francs. Industries have grown up which are ill adapted to the soil, and for which the raw products have to be imported, such as cotton, jute and flax, hides, iron—old, scrap and pig—and fuel.

This is looking at the question through Free Trade spectacles ; but the facts that Mr. O'Neill states confirm the contention of Protectionists in Canada and elsewhere, that if the best interests of a country are to be considered and its manufacturing and industrial pursuits encouraged, it can best be done by Protection. In this instance we observe not only British but German and French capital flowing into Italy, used generally in connection with Italian establishments, not only for the production of machinery but also for the operation of mills and factories, and the production of manufactured products. Mr. O'Neill tells us that this condition induces the introduction into Italy of expert workmen and artisans, and of those who possess "trained technical knowledge." Is Italy benefited by this influx of capital and skilled labor? Unquestionably : for it is just these elements that make a nation wealthy and important and self-sustaining. Admit that none of these new industries could at this time exist if the protection afforded by the tariff were withdrawn ; it is not likely that the Italian Government would commit suicide by abandoning that policy—and then the industries are being established. Mr. O'Neill and British manufacturers and merchants are wasting their time and sympathies weeping over the condition that is creating so much wealth in Italy. Neither does it count for much to be told that the money made in these new Italian industries does not remain in the country—that the foreign capitalist withdraws a large portion of the profits. Perhaps he does—perhaps he does not. If he does, he cannot withdraw the business he has created, nor the plant and fixtures by which he created it. They remain, and there also remains the general accretion of wealth growing out of his investment. The skilled labor he imported also remains, and the homes and surroundings that this labor has acquired remain in Italy, nor can they be removed by the capitalist even if he desired to do so. But there is no reason to suppose that the successful British capitalist in Italy, who has increased his wealth by manufacturing under the influence of Italian Protection, will desire to remove that wealth from the country, but rather to re-invest it in other enterprises.

The details of the Italian tariff are criticized by Mr. O'Neill ; but this is a matter that concerns Italian statesmen more than any one else : but it is exceedingly amusing to be told by the Consul that certain industries have grown up in Italy under Protection which are not indigenous to the country and ill adapted to the soil, and for which the raw products have to be imported. He quotes such things as cotton, jute, flax, hides, etc. Pray does not England also import just such things, and has not England's greatness been built upon the conversion of these raw materials into manufactured products ?

INTERNAL TRADE.

A CONSERVATIVE journal complains that the "Grit organs" quote the Trade and Navigation Returns and ignore interprovincial trade. So far as this statement is true, the reason is that we have or should have an accurate account of our foreign trade, while the extent of our interprovincial trade must always be a matter of conjecture. Besides, such a record, even if it could be obtained, would be incomplete and misleading. If the whole trade of the country is to be shown we must add