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EXPECTED FRUITS OF THE NEW TARIFF POLICY.

For better for worse, the country must now await the results of the new tariff policy, which has been adopted as the result of an expression of public opinion in its favor. The land must be tilled and the seed sown before a crop can be reaped. The preliminary processes are costly, and the outlay certain ; while the return is liable to many contingencies as to quality, amount, and value. So it is with the new tariff policy. The first steps in the process intended to increase the revenue and build up national industries are costly. Before new manufactures can be set a-going, a large amount of fixed capital must be created. This is to be done by converting floating capital into a fixed form, in the shape of buildings and machinery.

The new duties, which divide themselves into two parts, will at first increase the cost in two ways, and ultimately perhaps, only in one. The new taxes, necessary to fill the gap of the deficit, form an additional burthen on the country. This is a burthen which, whatever form of tariff we might live under, would have to be borne. It has nothing to do with the national aspect of the tariff. The mere coincidence of the two coming into existence at the same time should not cause revenue necessities and the desire to encourage native industries to be confounded. If we had given the tariff more of a free trade aspect than it had before, we should have had to raise two millions more revenue all the same. Even if we had abolished custom houses, and allowed all kinds of goods, from all countries, to come in free, we should not have got rid of the duty of increasing the revenue.

But we shall, in addition to this, at first pay something for the National Policy. Some goods will cost more, over and above the amount of the duty, than before. This has all along been foreseen and understood. On the other hand, many manufacturers whose business is well established have announced that they will not increase the price of their wares ; and the hope is held out, on one side, that, where this is not the case, domestic competition will in time reduce the prices of such goods to the old level or below it. All economists admit that one effect of competition is to lower prices ; and unless there be special circumstances to prevent the operation of this law, there is no reason why the prediction should not prove true in the present instance. Should this happen, the National Policy will be a success ; otherwise it will not. In the meantime, we must patiently await the result.

The anticipated effect of internal competition will not be the first result of the new policy. The starting of new manufactories will, from the outset, give employment to many hands. If this necessarily meant a transfer of labor from productive employments to others that could not exist without the aid of the new tariff, there would not be much to be said in favor of the change, while much might be said against it. But must this necessarily happen? In a new country like this, labor is extremely elastic. Workmen readily change from one employment to another. There is a constant transfer of artisan labor to agriculture. The immigrant who has followed a mechanical employment in the country of his birth, failing to find here what he has been accustomed to, goes into agriculture. The transfer is made at a sacrifice of skill, aptness, knowledge, and efficiency. The skill which it has taken years to perfect becomes useless in the new sphere, except in so far as deftness acquired in one line serves as discipline for another. The loss would be prevented, if the transfer had not had to be made ; if the imported skill could have found suitable employment. The existence of manufactures could alone have prevented this waste, this necessity of learning a new occupation. Henceforth much of this labor can be employed on what is most productive ; and the quantity of it can be greatly increased if necessary, for emigrants with their wits about them will go to the country in which they can get employment to which they are accustomed rather to one in which they cannot. Besides, much native labour runs to waste whenever and wherever employment is restricted to a few occupations. All men have not the same tastes or the same aptitudes ; and they cannot all be forced into a single narrow channel. Much female labor, unfitted for the field, which might be utilized in the factory, is wasted. When we have shut off these several waste sluices, there will not be much necessity for diverting labor, already profitably employed, into the new channel. And there is the strongest reason why this labor should not be preferred, by our manufacturers, to the other kinds : to perfected skill, to female labor, and to the labor of young persons ; because the latter kinds will be the cheaper, and one of them, at least, incomparably better.

The mere existence of new manufactories will confer a benefit on the neighborhood where they are situated ; a benefit which will be measured by the extent of the demand they create for agricultural produce. Those products of the farm for which there is an export demand are not always the most profitable to the farmer ; and certain things may be required at home which will not bear exportation, or for which a market cannot be found abroad.

Wherever expectation as to the beneficial results incidentally to flow from the new tariff has been raised too high, disappointment will inevitably follow. And the conspicuous blemishes on the tariff—notably the coal and breadstuff duties—so long as they remain will tend, in some degree, to bring it into discredit as a whole. The obliteration of these obnoxious features cannot be long deferred, if what is good in the tarifi—and there is much, the actual situation of the country considered—is to get a fair and sufficient trial.

THE IRON INDUSTRY.

Rumours have been in circulation that the Londonderry Iron Works of Nova Scotia are about suspending operations. Denials have been made which leave some doubt on the subject. The alleged impending suspension has been attributed to two causes—the new tariff and high rates of railway freight to Ontario, where the company expects to find its principal market. As it takes two tons of coal to make one of pig iron, the additional cost of production occasioned by a duty of fifty cents a ton on coal would be $1 a ton. This is on the supposition that the price of coal in Nova Scotia has risen fifty cents a ton as a consequence of the duty. On the other hand, the duty put upon pig iron is $2 a ton ; so that the tariff gives the company an advantage of $1 a ton. The question of railway freight is more likely to be the real difficulty. The Grand Trunk Co., while using pressure to compel the Government to purchase the Riviere du Loup branch, sometimes insisted on extreme rates of freight ; and those on the Intercolonial discriminate against local as compared with through freight. The purchase of the branch once made, the former difficulty will be reduced