

ing useful discoveries, facilitating the immigration of skilled labour to our midst, and by periodical interchange of ideas among its members.

"Its specific intent shall be to use every legitimate means to prevent and avoid violent fluctuations in the customs regulations of our government, and to promote such a system in the arrangement of these customs, as will afford legitimate remuneration to the investment of capital and enterprise."

Leaving generalities it further says: "It seeks no such protection as exists in the United States, believing any extreme to be prejudicial. Its policy is moderation, and the restoration of the recent tariff, so far as Canadian interests are concerned, is its standard of moderation."

The great question before the people of Canada now is, whether the commercial policy of the last seven years shall be followed out, or whether a free trade system would be more conducive to her benefit. To arrive at correct conclusions on these points the fullest discussion is necessary, and the public are under an obligation to your paper, for having been the first of those advocating free trade, to come out fairly before them with arguments and figures. In place of the abuse, the imputing of unworthy motives, and the vague theorising so much indulged in since the last session of parliament, when the tariff was revised.

Your correspondent says: "Nor can we very well divest ourselves of a suspicion that the association of these men will be a selfish striving after what will add to their own prosperity." In answer to this we point to the moderation of our views with regard to the tariff question, to our arrangements for procuring the most ample information in order to come to just conclusions, and to the wide scope of usefulness we propose to open out for ourselves among the struggling newly-established manufacturers of this country.

It is difficult to see where this organization is open to the charge of selfishness, for it advocates the cause of the manufacturer because of his usefulness to the community generally, and of the direct benefit he is to the farming and other industrial interests.

It is not intended to be aggressive, its aim is to advocate no measures by which one class will benefit at the expense of others, but to prevent if possible the adoption by our government of such a line of policy as will greatly injure the rising manufactures of this country without its bringing any counterbalancing advantage to the other component parts of the population.

Your correspondent "Thomas" quotes from the same paper that I have done, and with good reason demands proof of the assertion that "If never a manufacture had been in existence, there would still have been the same accumulation of wealth." Your tables from the census papers of 1861 are now only valuable as a means of comparison, but a refutation of the above is easily found in the fact that even during the limited period of the late tariff's existence, the manufactures so increased that in the year ending June 30th, 1865, we exported of the surplus product of our labour to the extent of \$1,064,714, exclusive of \$3,323,367 worth of flour, which is sometimes claimed as a purely agricultural production. This is the direct benefit, and is on the farmers' own principle of making two blades of grass grow where but one was produced before, and is only the beginning of what can be done, where natural resources are so abundant, that they need but to be developed to insure success to all concerned. But the indirect advantages to the country are beyond enumeration, and of the greatest value, every manufactory aids in building up and supporting foundries, ironing shops, provision stores, and other lines of business, these in time furnish customers to the farmer and importer, who are indeed the first who reap the benefit of a home market thus created. I contend that while the public pay no more taxes through the medium of the custom house than they would be called upon to contribute if taxed in some more direct manner, the farmer has the benefit of two markets instead of only one, while the manufacturer is gradually arriving at that perfect business that he will, in course of time, not only require no government protection at home, but will not so distant day and materials to the wealth of the country by largely exporting to where natural advantages like our's cannot be found.

We contend that it is an unwise policy to disturb the internal regulations of the country at a time when the great majority appeared to be satisfied with them, when all interests seem to be thriving; when there was a good prospect of the public income overtaking

the expenditure; and when there were so few details in the working of the tariff which were found to require alteration. Notwithstanding the undoubted soundness of the philosophy, that "it is best to bear those ills we have, than fly to others that we know not of," we are now called upon to relinquish a system that has been the result of years of experience for the adoption of theories, which, however attractive they may be in sound, have no antecedents on this side of the Atlantic to recommend them.

Yours, &c.,

F. A. WHITNEY,

Secretary Society for promoting Canadian Industry.  
Toronto, Nov. 27, 1865.

### The Harth British Railway.

This important railway, with many branches, with an aggregate length of over 700 miles, and with an authorized share and loan capital of more than £22,000,000, is just now occupying a position of unpleasant notoriety. By a committee of investigation, it has been discovered that, for some time back, the dividends of about 3 per cent. per annum which have been paid to the shareholders have been taken not from surplus received, but from capital, and, to hide the fraud, the accounts have been cooked. The committee call the proceeding whereby these dividends were procured, "manipulation," and the accountant testifies that, although it appeared in January, 1865, that the revenue was some £26,000 deficient to pay preference dividends, he was instructed by Mr. Hodgson, the chairman of the railway, to bring out the accounts so as to pay a dividend of 2 per cent. The chairman has published a long letter to the committee. He does not, however, deny the charge of adjusting the accounts, but tries to excuse himself by recounting the difficulties under which the road has laboured during its construction, the opposition it has had to contend with, and states that practically the question is whether the property acquired be now as valuable as both directors and Committee of Investigation have declared it to be. If it be so, he considers that "it would manifestly have been impossible to obtain or maintain it without a temporary departure from the strict rule whereby the limits of expenditure out of revenue and out of capital have been defined; and it is equally clear that to have admitted the irregularities which occurred pending the termination of the struggle would have insured prolongation of hostilities and probable discomfiture." This defence set up by Mr. Hodgson is simply that "the end justifies the means," a principle which if once accepted would lead to crime without end, and one which will hardly avail to save him from the severe condemnation of the British public. This practice of paying dividends out of capital in order to pave the way either for borrowing or for the purpose of getting rid of the shares of a company at a high price, cannot be too strongly reprobated. It is neither more nor less than obtaining money under false pretences, and is in the eye of the law a misdemeanor punishable by fine or imprisonment.

### PROOF WANTED.

[From a Correspondent.]

IN making the statement that there would have been the same accumulation of wealth in Canada without as with manufactures, the assertion should have been a little qualified, reference in the argument having been made to such manufactures as needed protection, in order to their being carried on at all. Amongst the various industries of this country, there must certainly be some manufactures which result in profitable production, and which would go on with or without legislative aid. These, (which, however, are neither numerous nor important,) have, to a certain extent, been sources of wealth, and allowance must be made therefor. But any manufacture that requires a high tariff for its continuance, and which, it is said, must be stopped without such a tariff, cannot add to the wealth of the country. The profits on it are not profits of production, but merely profits of exchange in consequence of the monopoly given by the exclusion of the foreign article, and these profits represent, in part, what the consumer pays over and above what he should have otherwise to pay the importer. Whether, during the infancy of manufactures in a new country, protection should be given to such of them as shall ultimately be profitable to the country at large, is quite a different question from the consideration of whether those manufactures should become public charities, which, without eleemosynary aid, would

(even taking the protectionists themselves as the authority) shortly die a natural death.

To give a demonstration such as "Thomas" asks for in the last issue of the *Review* from the past record of other countries, would be impossible. The test has never been applied: no country but England has made the experiment of free trade, and although successful thus far beyond expectation, protectionists here will not admit that the circumstances of that and this country are at all similar, and reject the conclusions drawn from the unexampled prosperity of British manufactures since the barriers of protection were thrown down. Nor, indeed, is England a case in point, for she would not have been as wealthy without her manufactures. But the profits were profits of production, and drawn from the world at large, not profits of exchange drawn from the consumers in the home markets.

### LETTERS FROM A PROTECTIONIST.

[No 5.]

(To the Editor of the Trade Review.)

It makes not a particle of difference to the country whether a certain amount of food and materials used in the production of certain articles which it receives in exchange for the rest, are consumed within or without its boundaries. — *Correspondent in Trade Review, Nov. 10th.*

To show the fallacy and extreme absurdity of the above statement of a free trader, and make that fallacy evident to the most superficial observer, we will suppose the following case. Farmer A wishes to have his horse "shod." He takes a bushel of corn, goes, say one mile, to the blacksmith, gets his work done, pays with his corn, returns home before noon, and can do a half-day's work or more on his farm the same day. But suppose that he has, instead of one mile, to go ten, to reach the manufacturer of horseshoes, it takes the whole day, and in addition to the wear and tear of travel, a half-day's work for himself and the country is lost which is probably nearly as much as the whole expense of the shoeing, so that if even he had to pay the near-by smith a few cents more than to the distant one, the saving would still be enormous. The corn is worth no more to the distant smith than to the near one, as it will furnish no more nutriment to the one than the other.

We have only to extend this illustration to show the prodigious loss the country suffers by the exchange of our raw and crude products in distant markets for the manufactured articles we require. The two classes that actually produce wealth are the farmers and the manufacturers, a certain number of merchants, bankers, brokers and transportation men, are requisite, but not being producers, the smaller the number required to conduct the business of the country the better, hence the almost measurable advantage of having the farmer and manufacturer side by side.

The author of the paragraph at the head of this article assumes that for Canada to prosper, we should be purely an agricultural country, which is fully as absurd as the paragraph quoted. If any one question is fully settled by political economists, and unquestioned at this day, it is that diversity of employment is essential to the prosperity of the State. The very constitution of man provides for it, and requires it, it is nothing else but the want of it that has sent 60,000 French Canadians to work in the manufactories of Massachusetts, thereby adding to the wealth of a foreign nation, and subtracting just as much from our own.

The truth, that a country which exports its productions in a raw and crude state, is always a poor and dependent, does not rest wholly upon theory. In support of it, we have only to refer to Mexico, the States of South America, Turkey, Egypt, Italy, &c., whose exports consist almost altogether of produce in a raw state, or only very partially manufactured, to England, France, Germany and the United States, there to be exchanged for the manufactures of the last named countries, and in this exchange the first named countries are growing poorer and the latter richer, year after year by reason of the following maxim, that "the more finished the productions of a country when exported, the more wealth they leave behind." It may not be quite so apparent in a newly settled country, while the soil is in its virgin state, and produces luxuriantly with but little labor. But as population increases, and the soil requires a return in the shape of fertilizers, diversity of employment becomes necessary, or a migration of a portion of the labouring class takes place, and the process is plainly going on in the Parishes of Lower Canada, where their exports are of the rawest kind, viz., oats, hay, barley, peas, &c. The Townships are better off "Wilt" because their exports assume a partially manufactured state. Their grass, hay, oats, &c. are converted into butter, cheese, beef, pork and wool, before being sold, and thus leave behind double the value than if sold in the first named state.

J. C. B.

Stanbridge, C. E., Nov. 17, 1865.