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FINANCE AND INSURANCE REVIEW.

MONTREAL, 13 JULY, 1877.

THE NATIONAL POLICY.

We copy elsewhere Sir John MacDonald's speech at the meeting of his political friends in the Eastern Townships, held at Bury. This speech has the merit of being a clear exposition of the policy of the party which claims to be entrusted with the government of the country. The great question of the day is, "whether free trade or protection is the right policy for this country." Sir John, in declaring for protection, says: "That is the policy which my friends are going to fight for to the death," and he appeals to the various classes,—"Let the agriculturist and the manufacturer join together; let there be no selfish divergence of interest. I tell the manufacturer unless he gives protection to the farmer, the farmer will not give protection to him. I say the same thing to the farmer." We presume that Sir John MacDonald has fully weighed the consequences of the declaration which he has made, and that he can rely on the cordial support of the party of which he is the acknowledged leader to a policy which he defines as "the promotion of our manufactures and

"the encouragement of our farmers, our miners, and our colliers." We have italicized the last words, which demand the protection of raw materials. Most assuredly the House of Commons, which for several years supported Sir John MacDonald's government, would not have given its adherence to the principle which he enunciated at the recent meeting in the Eastern Townships. It may seem inconsistent in manufacturers to claim protection for their own industries, and to refuse it to those of their neighbors. But in truth, free trade in raw material is protection to manufacture. The free trade movement in England owed its success to the fact that its object was protection to the manufacturing interests by making food cheap. It is possible that since the parliamentary discussions during Sir John MacDonald's administration, public opinion may have changed, but, at the period referred to, some of the strongest Conservatives were unwilling to commit themselves to the policy which Sir John has announced is to be fought to the death. All that Sir John says on the subject of the hostile tariff of the United States is perfectly true, and we entirely concur with him in holding, that to adopt the tariff of the United States cannot be fairly termed, a "retaliatory or vindictive policy." If it be for the advantage of Canada to adopt such a tariff, there ought to be no hesitation on account of its effect on United States opinion, indeed we have no idea that it would give offence to the people of that country. On the contrary, American protectionists would in all probability say that we were perfectly right, and would cite our example as an argument against their free trade opponents. We must never forget that there is a large and increasing party in the United States, which is opposed to the present tariff, as unjust to the consumers, who form the great majority of the people. The inference that we should draw from passages in Sir John MacDonald's speech, is, that he is favorable to a reciprocal tariff with the United States. We doubt whether even our strongest protectionists are prepared to go to such a length. When trade was in its normal state, it was repeatedly stated by leading manufacturers that a duty of 20 per cent. on manufactures would be an amply sufficient protection. It is true that there are some descriptions of manufactures which are used in the manufacture of other articles, and which would require, in consequence, adequate consideration in the adjustment of a tariff. We believe however, that our manufacturers are not prepared for such a tariff as that in force

in the United States, and we feel assured that no other class of the population would tolerate it. Manufactures that require greater protection than 20 per cent. are not wanted. There is no doubt that the time is peculiarly favorable for the advocates of protection. All our industries are in a state of great depression, and people are ready to believe that change of any kind must be for the better. We have no idea that, if Sir John MacDonald were in power to-morrow, he would ask Parliament to sanction such a tariff on manufactures as that in force in the United States. The probability is that the increase would not be very great, not more indeed than might be defended on the ground of the public necessities requiring an increase of revenue. The proposed duties on coal and wheat are what will stagger some of Sir John's strongest friends. No such policy would have obtained the sanction of the Dominion Board of Trade, and we are elsewhere calling attention to a pamphlet just published by the Hon. Senator MacPherson—a leading Conservative, and a strong opponent of the present administration—in which the most advanced free trade principles are declared. Referring to the possibility of direct taxation, being resorted to, Mr. MacPherson observes: "If direct taxation could be made to bear equitably upon the whole people of a country, it would be the most economical and best mode of raising revenue, but political economists have not yet devised a system of direct taxation at once equitable and practicable." Mr. MacPherson is an avowed Free Trader, more advanced probably than the commercial men of his party, but we are greatly mistaken if the mercantile class give its adhesion to duties on coal, wheat and Indian corn, or to excessive duties on manufactures. The speech of Sir John MacDonald, which will no doubt be most attentively considered, has placed the issue between the rival parties fairly before the country, but Sir John labors under a serious disadvantage, owing to the fact that the Protectionists who have hitherto acted with the Reform party seem willing, judging from their votes in Parliament, to sacrifice their convictions to their party allegiance, and this is more than the Conservative Free Traders would do in 1870-71.

—The London Times of the 28th ult. publishes the following notice: "The Bank of Montreal notifies that the coupons for interest on bonds of the city of Toronto six per cent. of 1876, due at their bank on the 2nd prox., will be paid on and after that date, if left three days clear for examination."