

"fant industries if it can be profitably done." Now we apprehend that there are few protectionists who would not accept the above described concession as ample for a guide for the Finance Minister, who, we venture to affirm, would maintain that he had been guided precisely by the principle laid down above. The *Bystander* thinks that Free Trade would be the greatest of blessings if possible, but holds that it is impossible, because "every nation is practically compelled to raise revenue by customs," and each will give "its own industries all the advantage in its power." He proceeds: "England has her tariff, and adjusts it to her own circumstances like the rest." This plain inference is that England protects her own industries like the rest, and yet it is notorious that such is not the fact. England has long carried out consistently the policy of imposing a countervailing excise duty on all articles on which there are import duties. Spirits are, we believe, the only article manufactured in the United Kingdom and likewise imported, and the excise duty is the same as the customs.

It is desirable that it should be clearly understood that it is quite possible to levy customs duties under a free trade system. The obstacle is that Canadian public opinion is against free trade, and those who are called free traders in Canada are favorable to "incidental protection" as it is termed. The difference between the two parties is merely as to the extent to which protection should be carried. The *Bystander* is, as of old, in favor of commercial union; he states that "the commercial interests of the people at large are over-riden by those of a political class, which has a special interest in the present system, and fancies that commercial union would bring political union in its train. Commercial union means a common tariff, a visionary scheme of the *Bystander*, wholly impracticable in the opinion of the best United States authorities. We doubt much whether the *Bystander* believes that commercial union would not of necessity bring political union in its train. The next sentence we own that we wholly fail to comprehend. It is as follows:—"Some of these very men have done their best to weaken by partial reciprocity the bulwark, the removal of which by complete reciprocity they cannot contemplate without transports of alarm." We were not aware that any "partial reciprocity" was in force. The inconsistency of the *Bystander* on the protective system is most glaring. We are told in one place that "the imposition of taxes not for the purpose of revenue but for the purpose of excluding foreign

goods and enabling the home manufacturer to sell dear has been proved by calamitous experience, and is pronounced by every independent authority to be the most costly and the most objectionable of all ways of enriching a few at the expense of the people." This of course is just what the *Globe* is constantly asserting; but on the same page of the *Bystander* we find: "To adapt the Canadian tariff to the requirements of Canada was right, it was right to raise the sum required by increased taxation, instead of continuing the fatally seductive policy of loans." Now we must repudiate on behalf of one and all of the Finance Ministers of Canada the imputation that any one of them ever adopted as a policy the raising of loans to meet current expenditure. It will be found that since confederation the revenue has been amply sufficient to meet all the expenditure, including a sinking fund for the redemption of the debt. The deficiencies during three years of severe depression were small when compared with the aggregate amounts of surplus in the years preceding and subsequent to depression. It is evident from other passages that the *Bystander* is well aware that the prosperity which the country has recently enjoyed has been shared by other countries both under free trade and protectionist tariffs, and that the depression which was felt in Canada was general in the United States during the same period, notwithstanding the very high protective tariff which was in force. He refers to "The general revival of trade in which Canada has shared." Our observations on this branch of the review have extended to such a length that we must postpone our notice of some other topics of interest.

MOVEMENT OF GOLD.

It appears that shipments of gold to New York have been made, though on a small scale, from England, and, owing to the very moderate reserve of the Bank of England, some apprehension is felt as to the consequence of further demands. It is believed that there is some ground for apprehending an increase in the bank rate of interest, which would seriously disorganize trade. As to the cause of the threatened tightness in the money market, it must be attributed to the enormous expenditure of capital in the construction of railways. It is estimated that during the current year twelve thousand miles of new railways have been constructed in the United States. In view of the complaints made of the scarcity of gold in England, and the disastrous consequences likely to follow a stringent money market, it is inconceivable that

her statesmen should neglect to adopt measures to economize the use of gold. It was well said by the late Mr. Bagehot that the practical effect of requiring the Scotch and Irish banks to hold gold instead of Bank of England notes, which are not a legal tender in those parts of the United Kingdom was taking gold from the point where it was wanted and placing it where it is not required. The Scotch and Irish banks are compelled to hold gold for all issues exceeding an amount fixed by law. Then again the removal of the prohibition to issue £1 notes in England would bring many millions of gold into the Bank of England, which is now distributed over the country. To people out of England it seems the height of absurdity to permit joint stock banks in Scotland and Ireland to issue £1 notes and to prohibit the Bank of England, whose issues are all secured, partly by gold, and partly by national security, from making such issues. If, by the adoption of such simple measures, the stock of gold in the Issue department of the Bank could be increased by fifteen millions of pounds, which is by no means an exaggerated estimate, there could be no objection to its being empowered by law to make loans to the discount department on the deposit of national securities at all times when the rate of interest exceeded 6 per cent. The knowledge that such relief was always obtainable would prevent that hoarding by capitalists which has always been the chief cause of panics in the money market.

THE BUSINESS TAX.

It is stated that there are no less than four hundred actions taken by the Government of the Province of Quebec against various incorporated companies, and that the said Government is determined not to accept a decision on a test case but to make the proceedings as vexatious as possible. We doubt if any similar instance of oppression can be cited in modern history. We have already entered very fully into the merits of this tax, but we think it may be desirable to call attention to the plea in the suits against the Ontario Bank, for which we are indebted to our evening contemporary, the *Star*. The case is that of the Ontario Bank, and it is defended by Messrs. Abbott, Tait & Abbotts. The case of the banks generally is even stronger than is that of an ordinary incorporated company. The Local Legislature is empowered to raise a revenue by direct taxation within the Province for provincial purposes. The Ontario Bank carries on its business under a Dominion Charter, its head office is located in the Province of