

part of the duty collected ; which is no longer *wholly* paid by our consumers, as was the case before these competitions arose. The extension of manufactures to new countries, which is just an increase of the number of mills and factories in the world, *must* have the effect, either of making goods cheaper as compared with raw material, or at least of preventing a rise that otherwise would have occurred. At present textile fabrics are to be had at the mills in England, cheaper than at the mills in America. But say that every carding machine, every spindle and every loom in the United States and Canada was stopped, in accordance with a determination to manufacture no more dear goods on this side of the Atlantic, but to buy cheap goods in England instead. How long would goods continue cheap there ? Is there not reason to believe that prices of fabrics, even with open ports for their admission, would rise immensely ? It cannot be that the extension of manufactures to new countries—an increase in the number of mills and factories in the world, can have the effect of raising prices in the world's market. Nay, it is certain that either a fall in prices or at least the prevention of an otherwise inevitable rise, must be the consequence instead. The leaving out of the calculation the important practical element of the cheapening effect of competition between home and foreign producers, is the "fallacy not apparent upon the face" of Mr. Walker's "bounty argument."

It is to be remembered that, with competition established as in the case supposed, the home manufacturer would not be getting the whole of the \$100,000, as the Free Traders suppose. The competition between him and the foreigner would quickly bring about a reduction in price, by probably more than the \$100,000. Ten per cent., or ten cents per yard reduction, would balance this amount. But would this reduction take place, and that as a consequence of the new home competition ? I answer unhesitatingly that it would take place ; and that the case sketched is substantially what is happening year after year. The writer feels confident that the great body of commercial men here will see, in the single great fact of the rise and progress of the woollen manufacture in Canada, ample confirmation of the correctness of the view here taken.

Professor Hincks' argument, quoted by the *Leader*, altogether