

Correspondence.

FACT VERSUS THEORY.

Editor MONETARY TIMES:

SIR,—In your issue of March 19th, in quoting from McKinley's message, you state, "Two purposes are sought to be accomplished by the new tariff, an increase of revenue and such an arrangement of duties as will preserve the home market as far as possible to American producers. The two objects are in conflict with each other." That's theory.

NOW FOR ABSTRACT FACTS.

First Fact—To secure prosperity in the United States the tariff was lowered in 1834. The result, depression, want of employment, bankruptcies. In nine years the export of manufactured goods decreased nine per cent. At the end of nine years President Taylor advised Congress to raise the tariff so as to secure work for the unemployed and to create a permanent home market for their agriculturists. Congress adopted his advice. The result was that in three years the nation regained the nine per cent. in export of manufactured goods which they lost under their low tariff. As the writer personally saw, over there in 1845, there was work for everybody and prosperity on every hand.

The reason that the former McKinley tariff did not secure the result expected was not the fault of the tariff, but of the enormous cost of all their governments and their annual interest to Europe, together exceeding \$1,000,000,000, to be paid annually before there was a cent for the people. Decreasing the tariff under the Wilson bill did not increase employment nor earnings; but the reverse. And none need expect with the enormous cost of government in the States and their interest to Europe, that there is under the new McKinley tariff a possibility of the return to former industrial prosperity so many calculate upon.

Second Fact—There was a severe commercial crash in France shortly after the Crimean War. Through over-importations of merchants The Bank of France was in immediate danger of stopping payment. The Government came to the rescue by making the notes of the bank legal tender, as under similar circumstances has more than once been done in Britain, once for a period of about twenty years, and with the most beneficial results. That is the most efficient system of protection ever devised. In place of the importers so recklessly over-importing, as they do in Canada, to their own ruin, as we see on every hand to-day, they had to pay for all imports by exports. The result was an immediate and immense demand for home manufactures to export. To meet that demand the Bank of France at once loaned to the manufacturers over eight millions, and set all the wheels of industry going at high pressure, and so effectually that in three years the surplus exports returned such a volume of gold that the Bank notified the Government that they did not need their notes to be legal tender any longer.

And if the Canadian Government would follow the example of France, and make our bank notes legal tender until their deposits represented gold in place of debt, it would put an end to the bankruptcies of our importers and their customers. For we only use gold to pay for imports, and the interest in excess of our exports is earnings.

Third Fact—Germany at the close of the Franco-German war drained France of 1,000 millions of dollars for war indemnity. Through the excess of imports over exports resulting from a low tariff, Germany lost in five years 945 millions of her indemnity in paying for imports in excess of exports, and principally to France. The depression that resulted led Germany to adopt a protective tariff, which in violation of the *Times*' theory, has so increased the exports of manufactured goods that, as the recent reports prove, the commerce of her sea ports is forging ahead of those of Britain's, so that even Liverpool is now second. On the *Times*' theory, Free Trade Britain should rapidly increase in the export of British products, whereas her returns show that from 1872 to 1894 she decreased from £8 ls. to £5 11s. 3d. per head, thus repeating the history of the United States under low tariff. There is only one thing that maintains Britain's deluding prosperity—the annual earnings of foreign nations paid in interest for her loans to them—living to an immense extent on these in place of her own

earnings. Cut off that interest and in about one year Britain would financially be "dead broke;" the Free Trade bubble would burst very like as the South Sea bubble did.

Fourth Fact—In 1877 ruin in Canada stared every producer in the face, the bankers and importers also. It was the natural product of importing in five years two hundred millions in excess of exports to pay for them. Though so seriously manacled by the excessive cost of all our governments, and the interest on our imports in excess of our exports to pay for them, and which, by the way, now averages about forty-five million dollars annually, or more than one-third more than the total taxation for Dominion Government purposes, yet the tariff of 1878 led to, under these crippling curses, a large development of manufacturing industries and employment at increased wages to a large army previously idle, living on the merchants and those who had work. And yet, in violation of the *Times*' theory, the increase of tariff led to a satisfactory increase of revenue. Whereas the decrease in tariff in 1894, as foreseen by the well informed, has decreased revenue, developed depression and multiplied bankruptcies. And through the depression caused by the decrease in tariff the Conservative Ministry kicked itself out of office.

The facts presented can be multiplied indefinitely, and the lesson they unmistakably teach is that high tariff secures prosperity, and that the prosperity secures ample revenue, and low tariff develops ruin.

GEO. D. GRIFFIN.

Parkdale, March 25th, 1897.

THE PIRATES OF PENZANCE.

Editor MONETARY TIMES:

SIR,—Halifax is the third or fourth port of importance on the Atlantic seaboard of this continent—important as to the amount of tonnage entering the harbor. This statement on the face of it shows how completely we are the half-way house between the old and the new world. Numbers of steamers, we might say hundreds of them, every year drop in here, "short of coal," "shaft broken," "propeller broken," "collision," or some other disaster; besides disabled sailing ships crossing east or west from any given point, find Halifax an easy and near approach. From December to May it is no unusual occurrence to see, almost daily, a tow of some sort at anchor in our harbor. So important was this branch of business before the building of our "dry dock," that one firm is said to have made \$238,000 in two seasons out of the handling of derelict cargoes and repairs to ships. The rivalry between ships' agents to secure these "lame ducks" is very great, and on more than one occasion serious drowning accidents have barely been averted. Collisions of rival boats, and mid-winter baths in the ice-cold waters of our harbor, have been indulged in frequently.

It is rumored that one of these ship's agents, reported to be worth half a million, has so impaired his health by these midnight vigils, that he is about to renounce all the honors and emoluments of public life, and devote his time exclusively to this great industry. It is further rumored that he purposes building a modern Noah's Ark, fitted out with search lights and all latest electric appliances for the business. In this floating palace, he and his family can steam up and down the harbor at leisure, enjoying all the luxuries of modern living, and at the same time have an ever-watchful eye for the "stranger" ship whenever she may enter our harbor.

This prelude is merely to show you the position of Halifax: how our harbor is an estuary of the sea, as certain to swallow up all "lame ducks" crossing the ocean as Jonah's whale was to swallow him. The late Sam Slick (Judge Haliburton) tersely illustrated our geographical position when he said that "the shortest route between Liverpool and New York was via Halifax," meaning via off Halifax harbor. Indeed it is not safe to be always discharging the great cannon of our outports seaward, lest we should some fine day rip a hole in some fast Atlantic liner, plying between Liverpool and New York.

You see, we are the half-way house, the nearest harbor to the ocean-going steamers, the largest, safest and best on the continent; one of the cheapest ports in the world, and could at very little expense be made the cheapest port in the world in which to discharge and load

If you have all that, what more do you want? We want to be more than simply a haven for "lame ducks" and derelicts. We want Canada to enjoy her rights and privileges, which God and nature intended she should enjoy when she opened this magnificent gateway to the Atlantic Ocean. We want steamships running between Halifax and Liverpool (or whatever port of destination on the other side) at twenty-five knots an hour, and mail and passenger trains between Halifax and Minneapolis and all points west, at seventy-five miles an hour. Both can be attained, and if properly conducted, within ten years this will be the popular and paying route—a direct air line from Minneapolis to Liverpool. We must make haste or lose our opportunity; within ten years there will be a ferry between Cape Breton and the west coast of Newfoundland—only a stone's throw across—and another ferry between the east coast of Newfoundland and the west coast of Ireland—little more than a cannon's shot. This will be the favorite summer route for tourists and people liable to sea-sickness. The grandeur of the scenery, and the short sea voyage, will eventually turn the progressive operator in that direction.

But we want something more than the fast line service—that we want and must have in the interest of the whole of Canada. If we don't do it of our own free will, it looks as though the United States would compel us to have dignity enough to establish one open port all the year round, for mails and passengers.

But we want for Halifax a better system of export rates over our railways. We want the subsidies applied to freight steamers taken away and applied towards a reduction of freights east and west over the Intercolonial. Give us low freights, close competition with those of Portland and Boston, and we can have our harbor full of small-sized steamers during the close of navigation in the St. Lawrence. This is a near port and a cheap port, and the very port for small steamers to seek cargo. That has been demonstrated this year under the most adverse rail freights that ever cursed a port struggling for an existence.

HALIFAX.

EVIDENCES OF REVIVING BUSINESS.

From The Iron Age.

The wheels of enterprise are slowly getting into motion, giving promise of better things as they move. There is a general loosening up of matters which have been hanging for a long time. The extraordinary activity in the rail trade was, of course, exceptional, having been induced by the sudden heavy reduction in the price. No such outburst of improvement is to be expected in other branches of the iron and steel trades, at least not until general conditions change. Prices are so low that manufacturers are unable to stimulate business by offering material concessions. Therefore, the impulse must come from buyers and consumers. That it is coming is shown by the awakening of such dormant projects as the Northwestern Elevated Railroad of Chicago, on which construction was rudely checked by the untoward financial disturbances of last summer. Important contracts for material, on which delivery has been suspended, are now to be filled. Other enterprises of moment are being revived, now that it is possible to finance them. The change to more favorable conditions is shown by the greater movement of pig iron, deliveries being at length called for on contracts which have been hung up for several months. There is a great deal of stiffness in the joints of the business machine, as so many parts have been out of order for a long time, but lubricants are being liberally applied, and it may soon be expected to be in good running order.

IDLE RAILWAY ROLLING STOCK.

The *Pittsburg Gazette* says: "When the railroads are accused of penuriousness and bad judgment, because during times of phenomenal boom in the coal and coke business they cannot provide sufficient cars for the traffic, their accusers never take into consideration the enormous equipment devoted to this particular kind of freight, which is idle one-half the time. The coal and coke business is liable to extraordinary fluctuations, and while at certain periods a road like the Pennsylvania could find use for 75,000 coal and coke cars, yet normally the traffic does not require more than 10,000 cars. It is safe to