

portion to the amount of taxes he paid. If this or some such system were adopted, the Customs and Excise duties on the products of the Empire could be reduced to 20 or even to 15 per cent. And it seems to me that it would be a fair division if the \$14,000,000 necessary for our share of Imperial expenses were raised by that means, and \$10,000,000 of the amount required for our own purposes were raised by the Property and Income tax.

On the other assumption, namely that the United States and other protective nations would not adhere to their protective duties, but would grant us free trade, then I should imagine trade would increase to such an extent that the same rate of duty would raise all the revenue needed. If not, the United States would have to impose internal taxes to raise the revenue they required, and we could adopt the same system of internal taxation as the in order that neither of us should have any artificial advantage over the other.

Proceeding now to consider the other features of Mr. Bourne's scheme, it at once appear that the advantage to Canada of such a policy as he has outlined would be enormous. And the advantage would be great, whatever the effect produced on protective nations. Nearly all protectionists who have any knowledge of political economy, certainly Sir John A. Macdonald, Sir Leonard Tilly, and the other members of the present conservative government of Canada, hold that free trade is the best policy, provided you can get free trade all round. Sir John's formula was reciprocity of trade or reciprocity of tariffs. And he has many times declared and has placed it on record on the Statute book, that he is willing to enter into reciprocal trade relations with the United States. Free trade with that country is all that we should get by Commercial Union. The objection Canada has to that policy is not that it would increase our trade with them, but that they declare their determination to admit us to their markets only on condition that we place greater restrictions on our trade with all other nations, discriminating even against Free Trade England, taxing English goods double, so as to make up the revenue lost by admitting American goods free; the injustice of which policy is manifest, and our people must never resort to so contemptible a policy. Now under Mr. Bourne's scheme the United States as well as other nations that have protective tariffs would be given to understand that unless they abolished their protective duties as regards the British Empire, the Empire will effectually shut them out from her markets, or make them pay a heavy tribute for the benefit of the colonies on all they send into the Empire.

The high tariff now in force in the United States is designed to foster the interests of the Eastern manufacturers. But if the western farmers, who now really control the elections, if the people generally of the United States, were to see that they are about to lose their market for over \$400,000,000 of their yearly produce, or will have to pay duties to build up their rivals in the colonies of the Empire, is it likely they would continue to submit to such a tariff? Would they see the farmers of the Canadian Northwest getting 90 cents a bushel for wheat when they could get only 75 cents without making their influence felt at

the polls? I do not think so. The probability is that at the next general election after the declaration of such a policy, the farmers of the west would arise in their might, sweep away the protective tariff, and insist upon giving free trade to the British Empire rather than lose the British markets. It was partly in the hope of coercing the United States into reciprocity that the protective tariff was adopted in Canada. But it is manifest that Canada's trade is not of sufficient magnitude to overturn the policy of that nation, Canada consuming only 5.75 per cent. of the domestic export of the United States, while the English market is by far their best, being 52 per cent. for the British Isles alone, and 61 per cent. for the whole Empire. Germany which comes next takes only 8 per cent. and France, the third, less than 7 per cent. (Returns of 1883). England's proportion of the total foreign trade of the United States is shown by the top red line in their Commerce and Navigation volume. The United States are far more dependent on the British markets than the British Empire is on them. For while the American export to the British Isles is 52 per cent. of its total, the export of domestic produce from the United Kingdom to the United States is only 11.45 per cent. of its total; that from the United Kingdom to the British possessions, on the other hand, is 31.93 per cent.

If then the United States were induced to give us free trade, as it is clearly their interest to do, we should then have all the advantages of commercial union, without the accompanying disadvantage of closing our ports to all the other nations of the world. It would be the same with France as with the United States, only perhaps France would decide upon it sooner. The other nations would follow suit, and the grand ideal of universal free trade would be attained.

Suppose however that this effect were not produced; suppose that the United States persisted in maintaining their protective duties. What would be the consequence? Canada would then have, for all she now produces in competition with the United States, monopoly of the English markets. We all know what an advantage this is in the matter of live cattle. What would it be if applied to all her products? Why it is utterly impossible to estimate, almost impossible to conceive it. The United Kingdom now imports from the United States over \$400,000,000 a year, for \$220,000,000 of which she is a competitor of Canada. Thus, of live cattle and sheep, of meat, of wheat, barley and other grains, furs, hides, skins, butter, cheese, agricultural implements, leather and wood manufactures, the U.S. export to England in 1883, was \$210,000,000, the other \$10,000,000 being of a variety of articles; while Canada's total export was \$47,000,000. Now this comparison is with the United States alone. But of the principal articles now imported by England from Canada, England's total import in 1883 was \$700,000,000, of which \$60,000,000 was from Canada and Newfoundland, \$50,000,000 from other Colonies, and \$590,000,000 from foreign nations. The exact amounts in sterling are: British North America £11,970,000; other British Possessions £10,775,000; Total British Possessions £22,745,000; Foreign countries £118,909,000; Grand Total £141,654,000.

(To be continued.)