

Another advantage, and this is perhaps the strongest point in favor of my belief in the future success of our Canadian route between Europe and Asia, is the fact the Asiatic trade is almost wholly in the hands of British merchants and capitalists, who will carry that trade through the channels of their own choice. In vain did the Americans struggle against that state of things; their efforts failed. It is impossible to find the confession of a defeat more plainly made than in the following extract from the reports of Commerce and Navigation of the United States, for 1884, page 104:—

"I will answer your question, says Mr. Atkinson of Boston, to the chief of the Bureau of U. S. Statistics, in respect of the export of our goods and ware. You will observe that it is a matter of necessity, and not of choice, for Europe to purchase grain, meat, oil and cotton in greatest measure from this country, paying for these supplies, as far as possible, in such goods and wares, commonly called manufactures, as we are accustomed to take, and passing to our credit the remainder of the sum due us in cash. Against this cash we draw bills in payment for sugar, tea, coffee, hides and other articles, which are furnished us by nations which are not yet 'manufacturing nations,' according to the common use of that term. This balance of cash due us for grain, meat, cotton, etc., is transferred in London to the credit of merchants in China, Java, Africa, South America and other countries, whom we owe for tea, coffee, wools, hides, etc., and is applied by them in payment of British manufactures, viz, cotton fabrics, woollen fabrics, worsted fabrics, metal work, and other commodities, commonly called manufactures. That is to say, Great Britain imports from the United States cotton, meat, oil and grain in greater amount than she sells manufactured goods to the United States. We import from China, Africa and South America, tea, coffee, sugar, hides, etc., in greater amount than we sell manufactured goods to them. Great Britain works up or converts our raw material into manufactured goods and sends those goods to China, Africa and South America, in payment for the raw material, or the tea, coffee and sugar we have purchased.

"Why should this three-cornered traffic continue. Why do we not convert our own raw material into manufactured goods and exchange directly with the non-machine using nations, of whose products we are large purchasers.

"Many of the goods of these several classes are made in the United States of better quality, sometimes at a less cost and sometimes at a slightly greater cost than in Great Britain. Why, then, is not this cash, which is at our credit in London, applied directly to the purchase of American goods rather than of British goods?

"For a long time this question puzzled me: I could not solve it, until I had studied the conditions of commerce in Great Britain on the spot.

"My conclusion was that while quality and price enter measurably into the conditions which control that exchange of products which constitutes commerce, yet modern science and modern instrumentalities for production have brought the quality and price of manufactured goods—such as textiles, hardware and the like—so nearly to the same standard that commerce is no longer controlled, in any great measure, by either quality or price in respect to such manufactured goods. But such differences in quality and in price as exists, being very small elements, are more than counterbalanced by facilities in respect to transportation, in respect to banking or exchange, in the technical sense, and more than all, in respect to the facilities for obtaining credit on the part of the middlemen who work the trade—this last being the greater factor. For instance, there is no doubt that buyers in South America would greatly prefer to buy American cottons at their relative quality and price rather than British cottons. Why don't they do so?

"We buy a great deal more from South America than we sell to her, and we pay cash in London for the difference.

"Why don't they take goods in place of cash, if they prefer the goods?

"Why has not a system of steamship communication been established, without any bounty or subsidy, between the United States and South America, as has been done between Great Britain and South America?

"The reason was far to seek; but I think I will give you the true one.

"All the traffic of South America in manufactured goods and wares is done on a very long credit. How is it done?

"The credit is not granted by the manufacturer of the goods, but it is worked in this way:

"The manufacturer of cotton goods, for instance, sells the cloth 'in the grey' to a warehouseman, so called. The warehouseman pays him the cash for it, substantially, on delivery. This warehouseman, middleman or merchant, causes these goods to be bleached, printed, or otherwise prepared for each particular district or market in South America, packs them, according to the exact section to which they are to be sent, in small packages, suitable for a mule-back (if they are to be carried into the heart of the Andes), makes his arrangements to ship them by one of the daily steamers to South America, then makes his bill of lading, ear-marked with the designating marks and number of the packages, with the invoice attached, to a banker, and gets his bill discounted on for four or six months, with the expectation of renewal for four or six months longer, if necessary, and the cash or proceeds of our wheat, cotton and oil which we have remitted for our South American purchases forms a part of the deposit of this very banker, on the basis of which he is enabled to grant this credit. But this would not suffice. These goods are carried to the interior of South America, to great fairs, to interior towns, and to various points of distribution, and are there

practically bartered for whatever the people, who have no money, but who have other commodities, desire to sell. These other commodities, whatever they may be—wool, hides, ores, nitrates, or anything else—being freely admitted into Great Britain, for the purpose of distribution, wherever they are needed, therefore come back to England to be sold, and out of their sale the warehouseman ultimately recovers his money, and pays up his credit granted by the banker in London. London being a great free port, has become, of necessity, the money centre or credit centre of the world.

"In other words, commerce is now carried on so small a margin, and on such a greater scale, that the profit or loss depends on the cost of transportation, the rate of exchange, and the facilities for credit."

In examining the causes which have prevented the traffic of Asia passing through the United States, Mr. Nimmo, the chief of the Board of Trade in the United States, says, in his last report, page 57:

"But a third, and perhaps the most important condition restraining a large and general exportation of products of American manufacture, is the fact that commercial enterprise in this country has shaped itself to the habits and requirements of our vastly larger and more profitable internal commerce, and that our merchants have, from the prompting of self-interest, left the more complex and less remunerative field of foreign commerce to be explored and cultivated by the merchants of countries whose internal resources and possibilities are incomparably less than are those of the United States."

In other words, the Americans, who have a genius for manufactures and railroads, have less aptitude for trade and navigation, and are as much behind in the latter as they are ahead in the former. Under all these circumstances, it is not unreasonable to believe that the Canadian Pacific will become the national route of England, and be preferred to the Suez Canal, a neutral route, which, besides, is controlled by a majority of French shareholders; and when the time comes, as it soon will come, when vessels of a larger class will be the only ones to plough the seas, Englishmen, forced to adopt the Canadian route, will do it the more easily that they will be induced to do so by all sympathies of race, of flag, and, if I am allowed to use the expression in its highest sense, by national prejudices, a most potent motive among all nations; and gradually one will reach from Yokohama to Shanghai, Manila, Yeddo, Saigoon, Hankow, Chefoo, Singapore, etc., and finally to all commercial centres in Asia. But whatever may happen with reference to through trade, it is undeniable that the Canadian Pacific Railway will change the route of a portion of our own trade. We import about 40,000,000 pounds of rice, tea and coffee, without mentioning large quantities of drugs, spices, essential and volatile oils, etc., the products of Asia. If we consider that last year, for instance, we used the Union Pacific for our importation of nearly 4,000,000 pounds of tea, we can well understand that the Canadian line will get the traffic. Last year the United States exported to China and Japan 45,000,000 yards of cotton cloth, over 1,000,000 pounds of fish, 30,000,000 gallons of lighting oil, etc. What is there to prevent us, with the advantage of a route shorter by 444 miles of railroad and 470 of navigation, competing for this trade? For instance, the freight rate on tea, from Shanghai to New York, is \$47.50 per ton. The distance being 5,515 miles by sea and 3,320 miles by railway, it may be said that the steamer receives \$13.89, or  $\frac{1}{4}$  of a cent, and the railway \$33.71, or 1 cent per ton per mile. The Canadian route would make the same profit exactly if asking \$42.16 for the same goods, that is to say,  $\frac{1}{4}$  of a cent for 5,135 miles of navigation and 1 cent for 2,911 miles of railway. Here is the way, then, for a reduction on the freight rate of \$5.34 per ton, or of 11 per cent. The Canadian Pacific will soon have the control of the Asiatic trade, if not for the whole of Europe immediately, at least, immediately for North America. But I will go further, Mr. Speaker; I claim that the Americans will use our route to reach both the Pacific and the Atlantic shores, and they do not make a secret of it themselves. In the official report on internal commerce for 1884, by Worthington, I find, on page 97, the following significant passage: