

The Commercial

WINNIPEG, FEBRUARY 9, 1891.

THE POLITICAL SITUATION.

Though there have been mutterings of an impending dissolution of Parliament for some time, the people were certainly taken by surprise when the announcement came that the house had been dissolved, and that the elections would take place on March 5. The election campaign will therefore be remarkably short, and no doubt sharp in proportion. From a commercial standpoint this will be regarded favorably, as long political campaigns certainly do not exercise a beneficial influence upon trade. On the contrary the business interests of the country are sure to be more or less neglected during such times.

For other reasons, also of a commercial nature, it is desirable that the contest be short. There are radical differences in the trade policy of the two political parties, and until the result is known there will be great uncertainty in commercial circles. It is very desirable that this uncertainty be terminated as speedily as possible.

Now for the principles at stake. The contest is to be fought out on almost purely commercial grounds. The trade policy of the two parties is really the only question in the present campaign. The Liberal party, which has been toying with the question of commercial union or unrestricted reciprocity (a different name for the same thing, for some time, has at last come out squarely before the people on this platform. The government platform is a continuation of its protective policy, with a plank in favor of reciprocity with United States in natural products, etc. The following offer made by the Dominion to the United States, will define the declared policy of our government toward the Republic:—

1. The renewal of the reciprocity treaty of 1851, with the modifications required by the altered conditions of both countries, and with the extensions deemed by the commission to be in the interests of Canada and the United States.

2. Reconsideration of the treaty of 1883 with respect to the Atlantic fisheries, with the aim of securing the free admission into the United States markets of Canadian fishery products in return for the facilities to be granted to United States fishermen, to buy bait and supplies and to tranship cargoes in Canada, all such privileges to be mutual.

3. Protection of the mackerel and other fisheries on the Atlantic ocean and in British waters also.

4. Relaxation of seaboard coasting laws of the two countries.

5. Relaxation of the coasting laws of the two countries on the inland waters dividing Canada from the United States.

6. Mutual salvage and saving of wrecked vessels.

7. Arrangements for settling the boundary between Canada and Alaska. The treaty would of course be ad referendum.

In their platform of commercial union the Liberals will rely no doubt largely upon the agricultural vote. The Conservatives will hold the protectionist vote, while they also offer the farmers a policy of reciprocity in natural pro-

ducts, which if acceptable to the United States, would open the markets of the latter country for our agricultural exports. True, parties in authority at Washington have declared that the "United States will either have commercial union or no commercial dealings at all with Canada." But then there is a shrewd idea abroad that the present administration at Washington is nearing its end, and that a succeeding government may be willing to deal with Canada on a modified platform. At any rate, the declaration at this critical time that the United States will have commercial union or nothing, looks like an attempt to coerce the electors of this country, and as such is not likely to be favorably received by the more independent minded of our people.

In addition to the protectionists, the government will also have the support of those who for sentimental reasons will oppose commercial union, or who believe that such a policy is incompatible with our relationship to the British empire. This is by no means an insignificant class. There is also another important section who will be forced into supporting the government and its protective policy, many of them much against their will. We refer to those conscientious free traders, who were with the Liberals in their fight against protection, but who are unable to follow that party in its wild leap from a free trade policy to a platform of which commercial union is the principal plank. These conscientious free traders, deserted by the leaders of the Liberal party, may now be represented as occupying a position between the devil and the deep sea, and it looks as though they will be forced to side with the devil (as Sir John has sometimes been pictured by the more violent of his opponents) rather than launch out upon the unexplored sea of commercial union, from the shores of which many ugly looking rocks and shoals can easily be discerned.

The shift of the Liberal party, from a professed policy of free trade to one of commercial union, with all that the latter implies, is certainly a most remarkable development of party politics in Canada. While there are a certain number who are always prepared to follow their party leaders through any lightning changes of shifting policy, there are surely a great many who will not be able to follow the Liberals in the present campaign. Conscientious free traders certainly cannot do so. The respected and thorough free trader Hon. Alex. Mackenzie has already declared against a tariff compact with the United States. The carrying out of these commercial union proposals simply means that Canada must enter into a customs union with the most strongly protectionist country in the world. It means that Canada must adopt the obnoxious McKinley bill, which even the people of the United States repudiated at their first opportunity. Commercial union or unrestricted reciprocity cannot be carried into effect without the unification of the customs tariff of the two countries. As Canada is much the smaller country, it would mean that the Canadian tariff would have to be advanced to correspond with that of the republic. The Hitt resolution introduced in the House at Washington specified that commercial union

meant "a uniform revenue system, uniform internal taxes and uniform duties on imports into either country." Under commercial union our tariff would be higher than it is now, and it would be regulated at Washington instead of at Ottawa, where certainly less regard for the interests of Canada would prevail. Free traders who are free traders in principle, can never accept a tariff combination with the most extravagantly protective country in the world. They will be forced to support our present protective government with its more moderate protective policy, rather than declare in favor of adopting the tariff of the United States, McKinley bill and all, as the customs tariff of Canada.

It is not necessary at this time to discuss the question of commercial union more closely. Long before it was taken up by any political party in Canada, THE COMMERCIAL clearly defined its policy on this question, and to go into the matter more deeply would be but to repeat the arguments advanced in this journal from time to time during the past few years. We want the largest amount of trade freedom with the United States which can possibly be secured, on a fair and honorable basis. But in trading with the republic, we must not bind ourselves not to trade with Great Britain or any other country. A tariff compact which would still further restrict our trade with the world at large, even if it should open a market to the south of us for certain commodities, we must consider as decidedly objectionable from every point of view.

What the outcome will be, we will not attempt to predict. The contest is short and the result will soon be known. The question of direct taxation for Canada, which is implied in the adoption of a commercial union arrangement, will no doubt be presented fully by the Conservatives, and this may frighten many farmers from biting at the Liberal bait. The greatest weakness of the government is thought by some to exist in the province of Quebec, where religious and race questions are being strongly worked in the interest of the Opposition. So far as western Canada is concerned, it is probable that the government will have its usual large majority.

COMMERCIAL UNION.

In conversation with a number of Winnipeg business men last week, a COMMERCIAL representative discovered that really very few of those spoken to understand the distinction between the terms "reciprocity," "unrestricted reciprocity," and "commercial union." As these are the questions of greatest importance in the present political campaign, it is necessary that they should be thoroughly understood. If generally well informed business men do not understand them, it is to be feared the masses will hardly be in a position to give an intelligent vote on March 5.

Reciprocity, such as is offered by the present Dominion Government, means a free exchange of certain specified commodities. A joint commission appointed by Canada and the United States would meet and arrange a treaty of reciprocity, by which certain commodities, principally natural products of the two coun-