

Further evidence of the deep and wide spread character of their ruinous depression is seen in the proposition lately made in a prominent New York paper, that in consequence of the mortgage and other indebtedness of the farmers, it would be well for them to sell their farms to their creditors, to rent them back from the money lenders, and to take any surplus funds they might have after selling and spend it in drainage and other improvements, which for want of funds they cannot now do, to enable them to make a living off their farms.

Thus the mass of the farms have practically become the property of the money lenders.

Ignorance of Free Trade Writers.

These facts show how utterly untrustworthy are the statements of free trade writers, who, in their ignorance of the true financial position of the United States, and of the true cause of their depression, continually assert that it is caused by a high tariff, that protection is ruining that country, whereas it is the vast army of ignorant office holders and the selfish money lenders that are devouring it. Were it not for that high tariff there would be far less ability to produce in their own country, to compete with less burdened manufacturers in other countries, which is proved in their having in 1877 imported about \$200,000,000 of manufactures and products which can be produced in their own country. Within the last three years the exports have been rapidly increasing over the imports. These are the round figures at gold valuation, as furnished by the New York Tribune for 1876, \$50,000,000; in 1877, \$138,000,000; and if memory serves, it was about \$260,000,000 for the year ending June, 1878. That looks like a rapid return to national prosperity, and American papers say accrual of national wealth. But we have seen that the drain for interest and dividends to Europe is somewhere about \$300,000,000 annually. Previous to the dawn of their surplus exports that amount, or what ever was paid on it, was raised by the continual sale of fresh bonds, mortgages and other securities; there was no other way to balance the amount. Before we can believe the American writers they must clearly show in what other way that interest and those dividends were paid.

If we divide that \$260,000,000 of surplus exports for 1878 by the about eight millions of families of five each in the United States it will only give \$32 to each family. It is clear that if there was no unusual depression and all the people had work they could readily consume that \$32 extra per family, and then their expenditure be within a reasonable amount, which proves that if it were not for the \$300,000,000 a year for government in excess of the ability of the people to pay, they could legitimately consume an additional amount equal to the whole of their surplus exports.

Those facts show the unreliable character of the statements of those protection writers who claim that the United States through a high tariff are now prosperous, whereas free trade writers state they are not prosperous, which is true, but it is in consequence of their ruinous cost of government, and not protection or the high tariff. It is the high tariff that preserves them from greater depression and still more wide spread ruin than that in which they are already immersed, and which will continue until they get cheaper government.

This explanation of the cause of the depression and ruin in the United States will enable the reader to more clearly understand the very similar position of Canada, and, therefore, the necessity of all unitedly striving to understand how to secure, and to unite in securing speedy deliverance from our financial depression.

The Financial Position of Canada.

It is now nearly three years since we stated in the WATCHMAN that our depression would increase until we secured cheaper government, cheaper money and a prohibition of fraudulent goods. Our words have proved true, and the depression in which we are immersed would have been much more severely felt than it has had it not been for the enormous amount of property that has been placed under mortgage to the money lenders during that period, and at rates of interest which we have shown cannot be paid out of earnings. Had it not been for those mortgages more or less of our banks would to-day have closed doors, more of our factories would have been idle, more of our importers,

merchants and traders would have had their names recorded in the bankrupt courts of the country. As shown in Vol. 1, No. 2 of the WATCHMAN, our assessable wealth is only about \$700,000,000. The cost of all our governments in the first ten years of Confederation was \$307,000,000, and is now at the rate of over \$38,000,000 or \$50 per family of five annually, enough every ten years to build a \$500 house for every family in the land. Is it any wonder there is depression, for that cost of all our governments is more than half as much every ten years as the whole assessable wealth of the Dominion.

The following was the cost per family for each government in 1876:

The Federal government.....	\$26 27
The Provincial governments.....	10 22
The Municipal ".....	13 51
Total per family.....	\$50 00

And according to Mr. Cartwright's last financial speech, the cost for the Federal Government for 1878 was \$5.62 per head or \$28.10 per family. His government claimed they had reduced the expenditure, whereas the increase in two years was \$1.73 per family.

The total expenditure for government, we have shown is fully \$10,000,000 more annually than all the earnings of the people after feeding and clothing themselves, based upon the supposition that all have average work, which all know they have not had. In the past seven years the expenditure has been \$50,000,000 more than the earnings, \$40,000,000 of which has been advanced by the business men, which accounts for a large proportion of the bankruptcies. Besides that excess for government there is now fully \$15,000,000 annually for interest on over importations, by which it is seen we are now going behind at the rate of \$25,000,000 a year. As compared with the United States, we are going behind about \$32 per family of five annually, and in the United States \$40 per family.

From the data above furnished any one can see that it is no cheese paring policy, and no manipulation of the tariff, even one as high as that in the United States that will enable us to overcome the present depression, but that with the readjustment of the tariff there must be a comprehensive rejuvenation in all our governments through which a vast reduction in expenditure can be effected; therefore it is of pressing importance that we should at once take into consideration Sir John's policy, the policy of his government, and thereby acquire a clear understanding of its strength or its weakness, as the case may be.

Sir John's Policy.

Sir John's policy, as embodied in his resolutions, is truly national in so far as it covers a readjustment of the tariff, by which we understand such a tariff upon farm and mineral products and manufactured goods as will deliver us from one-sided competition with the countries, more especially with those of the United States. A large proportion of those who believe in such a national policy have the idea that it will secure us a reasonably speedy deliverance from the present depression, and that we will overcome it as easily as we did that of 1857 and '8. To show how impossible that is we have only to ascertain the difference in our financial position then and now. Up to 1861 the cost of all our governments was not over \$15 per family, and our surplus earnings after deducting that cost of our government was \$21 per family. The cost now is fully \$50 per family, which, as shown in previous numbers of the WATCHMAN, is \$14 per family, or over \$10,000,000 more annually than we all earn after feeding and clothing ourselves. In 1861 the interest on over importations not indirectly covered by government interest was comparatively little, whereas now it is about \$15,000,000 annually. Thus it appears that with 600,000 families in 1861 our surplus national earnings and increase of national wealth was \$21 per family, or over \$12,000,000 each year; but that now, with nearly 800,000 families, we are for government and interest on over importations going behind about \$32 per family or \$25,000,000 per annum.

It is clear from those facts that all who suppose an increase in tariff will restore us to national prosperity are basing their hopes upon the quick

sands of dear government and dear money, and that no return to prosperity or increase of national wealth can possibly accrue from our own earnings until there is a vast reduction in the cost of government, and by wise legislation other advantages be secured whereby we can fully overcome our present \$25,000,000 of annual deficiency. There is another delusive idea that it may be well to refer to here. It is claimed by many who very unwisely conceive themselves statesmen, that the present 17½ per cent. tariff is ample protection; by others that Sir A. T. Galt's 20 per cent. tariff in 1858 was the best we ever had.

To make manifest their ignorance of the question it is only necessary to repeat, that when the Galt tariff was adopted the cost of all our governments was not over \$15 per family, that it is now \$50, and that the difference between then and now is \$35, which is relatively equivalent to a bonus of that amount given to the foreign manufacturer, with whom we have to compete. But that is not all, for there is to be added thereto our annual load of interest, of which very little existed in 1858, but is now about \$20 per family, thus placing us as compared with 1858 at a total disadvantage of \$55 per family in a competition with countries where the cost of government has not similarly increased, which for 800,000 families is about \$40,000,000 a year of advantage over us as compared with 1858. Any increase in Britain during that period has been balanced by interest, the earnings of other people, by decreased rates for money to her own manufacturers, and by the taxes paid by the nations that purchased her products to the extent of the proportional amount that the producers paid.

In the United States the cost of government has during that period increased 200 per cent., while in Canada it has increased 230 per cent. Besides, as it relates to Britain, the interest we have now to pay is an additional increase of 130 per cent. Thus it is clearly seen that all the protection that was afforded by the tariff of 1858 has through increased cost of government and amount for interest been entirely swept away, and in place of having any protection tariff as compared with that period we are by the indirect bonuses of dearer government and interest helping foreigners to swamp us in our own markets.

And that position is intensified in our having no defence against shoddy goods, with which it is much more difficult to compete than with good goods, of which fraudulent goods we have imported about \$400,000,000 in 20 years, which on the average has been dear as a gift.

Forecasting the Future.

In view of all those facts it is important to forecast the future in so far as it relates to the potency or impotency of Sir John's policy, the strength and sufficiency of the plank upon which he has put to sea, whether it can bear up the enormous weight of government and interest with which it is laden.

Neither Sir John nor any of his coadjutors have in all their campaign speeches presented us with any ideas as to the amount of our assessable wealth, our national earnings, the cost of living, the annual cost of all our governments or of the aggregate indebtedness of the whole country. Without all those facts before them, and clearly understood, they can have no correct understanding of the financial position of the Dominion, and consequently no correct understanding of the measures absolutely necessary to restore the country to permanent national prosperity.

Their want of that class of information, which we infer from their making no reference thereto in their picnic and campaign speeches, proves beforehand their present incapacity to cope with the present national difficulties, or the ability to remove the load of debt, interest, and excessive cost of government now crushing out our national life.

Apparently there has only one little seed, one true idea germinated in their minds since their fall from office five years ago, and that is a belief in the necessity for a tariff that will put us upon a more equitable footing with other countries; but small as the idea is and utterly impotent as it is to fulfil the promises of future prosperity which they have assured they would thereby secure to the people, it is, nevertheless, a first step in the right direction and is in happy contrast with the benighted ideas of the Mackenzie Ministry, that a protection tariff