

" But when the sphere of competition is extended and unprotected British (Canadian) labour is made to run against protected foreign labour, foreign competition must further beat down the efficacy and value of British (Canadian) industry, and of British (Canadian) labour, its main element, in relation to foreign labour, not only to, but beneath, that level."

Now, gentlemen, that is just the position we occupy towards the United States. They have protected labor, we have unprotected labor, and to compete with their prices our prices must be not only as low as their prices for the commodities we take to their markets, but must actually be lower to enable us to take them there, because, before we can enter their market we must pass their custom house and pay their high duties, which it is impossible for our unprotected manufacturers and farmers to do and live. Sir Howard Douglas goes on to say :

" Import duties imposed upon one side, deprive the country against which they are adopted, of the increased market, and consequently of the increased productive industry which international intercourse would create if fairly reciprocated ; and the due equilibrium can only be restored by imposing retaliatory duties.

" Smith expressly says, Book IV., Cap. II : ' To impose duties upon foreign, for the encouragement of native industry, when burthens are laid upon it by foreign nations, is one of the cases in which it is advantageous to protect in this way the home productions. For to lay suitable duties upon the productions of the foreigner who lays burthens upon yours, does not give the monopoly of the home market to the home producer, nor turn towards any particular employment more capital and labor than would naturally go there. It only hinders that amount of those actually engaged, from being turned away into a less natural direction, and leaves the competition between foreign and domestic industry upon the same footing as before the protecting duty so laid and retaliated.'

" Adam Smith's observation is obviously true. Protecting duties on one side destroy the equivalent expression ; it is like expunging a value from one side of an equation, without compensating for it on the other.

" There cannot be two prices for the same article in the same market. The foreign consumer will not pay more for a British than for a domestic article of equal quality. The exporter cannot pay the rival duty, for, if so, he would sell at a loss, or be undersold by the foreign rival ; and therefore, to compete with foreign protected markets, British articles must be produced so much cheaper as to enter into this competition. The cost of production must therefore be reduced. This is most immediately and readily done by reducing the wages of labor, and it is most important to remark that it is precisely in times of pressure, when profits are most bare, and labor most in want of employment, that this takes place, and that mechanical labor is most extended : this not only displaces manual labor in times of pressure, but by so much, precludes it from participating in future prosperity."

I think those words are peculiarly suggestive, and that it behoves us to weigh them, and to see to what extent they do bear upon our condition, and to be influenced by them, and by other evidence, in determining the commercial policy which we shall adopt.

Messrs. Cobden and Bright, those able leaders of the free trade movement