

## TRADE, INDUSTRY, FINANCE, SHIPPING.

### Their Strands of Mutual Interest Alone Will Hold the Fabric of Empire—Is Canada Taking a Sufficiently Broad Outlook?

The practical note was struck by Mr. Ben. H. Morgan at the Royal Colonial Institute the other week in an unusually attractive address on Empire trade relations. In Canada, we hear too much about Imperialism and too little respecting the strengthening of commercial ties. Trade and sentiment will hold Empires together, but sentiment alone can never do so. Mr. Morgan stated that the cry to-day of the self-governing colonies, (we wish he had used a better word), is for population and capital. They prefer both to be British, but they welcome men and money from all lands. The fabric of Empire, said the Speaker, can only be held together by strands of mutual interest in trade, industry, finance and shipping.

#### Factor of Geography.

"The great factor of geography," continued Mr. Morgan, "acts largely against a united Empire; the self-governing portions are so widely separate as to make inter-communication, and transport too slow and difficult to keep alive a vivid current interest in each other's doings, while being situated as they are almost entirely in the temperate zone, they are capable of becoming self-supporting in the production of food stuffs and manufactured articles."

Asserting that Great Britain has never considered the defence and promotion of Empire trade, industry, finance and shipping, as a whole, and has never made it a matter of national concern and organization, he goes on:—"Is Australia seeking to extend her business connections with Germany, Austria, Belgium and France? Is Canada arranging for a nearer market for her food products and raw materials? Is New Zealand arranging to send her butter, wool and other products to America instead of to us? Why are the Crown Colonies sending their raw products to Hamburg instead of to London to an increasing extent every year? Is Empire trade being driven into foreign channels through the action of shipping rings? Is British industry being crippled by foreign trusts? Would industrial banks help us to secure Colonial contracts as they helped Germany to get the order for the Victoria Falls power equipment? Why do we buy foodstuffs and raw materials from foreign nations, when the overseas Dominions can supply all our needs? Why are we not taking steps to divert the flow of British emigrants and capital from foreign lands to Empire territories? These are merely a few of the questions of current interest which should be dealt with by an intelligent and watchful Government, charged with the defence of the Empire's business interests."

#### Question of Colonial Preference.

Dealing at some length with the question of Colonial preference, Mr. Morgan asks:—"Would it not be possible to-day without touching the basis of our present fiscal system—assuming, of course, that the electorate is inflexibly opposed to its present modification—to so rearrange the incidence of our taxation as to give oversea Dominions a quid pro quo for any fiscal preference which they may give us. For instance, suppose that the self-governing States agreed to bear a proportionate share with ourselves of the cost of defending the Empire—a not unreasonable proposal—might we not forego to each State a part of its contribution to equal any fiscal preference given to us. I think this would be quite possible. At any rate the idea seems worthy of serious consideration. If the actual benefit to Colonial producers were but of moderate dimensions the moral effect of such a step on the part of the Motherland would I believe be excellent."

#### Momentous Reciprocity Pact.

Mr. Ben Morgan described the Canadian-American reciprocity pact as the most momentous event of modern history. "No doubt our brothers in Canada and our American cousins," he added, "are nearly related members of the great Anglo-Saxon family, and at a superficial glance it might seem only natural that each of these two States should seek to remove what has been termed an imaginary boundary, or to come to the facts of the case, to remodel the existing fiscal system so far as it concerns their two selves to their own mutual advantage. From the purely technical point of view the position of Canada is no doubt quite correct, because this fiscal arrangement, the most momentous event as I hold of modern history, is no treaty, it is not even a treaty of the commercial order; it is so far an agreement subject to the approval of the respective legislatures of these two neighbors which, even if concluded, it would at any time be in the power of the law makers either of America or Canada to abrogate, and at short notice.

"This is quite true, and I am also aware that many Canadians are saying that in effect they have entered into no pact with their neighbor, because such concessions as they have made in duty reductions are as a grain to the ton conceded by America. There is some truth in this, though such concessions as Canada has made are not without some importance, but granting so much, and admitting that it would be possible at any moment for America to do as much, or nearly as much as she did by the recent negotiations at Washington, and to effect this by merely abolishing or reducing the duties against Canadian grain, timber, minerals, fish and fruit, yet we would say that that situation, had it arisen, as it might by the mere volition of the American people, would be very different to the situation which has been created by the conclusion of this reciprocity agreement. We have no doubt that the agreement was to a very great extent sprung upon Canada. It is popularly supposed that Mr. Fielding and his brother negotiators never dreamt that any such terms would or could be offered them. That is most likely. But surely it might have occurred to Ottawa, as it has since certainly appeared to a great many Canadians, that the conclusion of the agreement under the conditions attending it was equivalent to an altogether new departure in Canadian history. The whole trend of Canadian civilization within the past generation has been in an eastward direction, so to speak. Nor could it be otherwise. The rich prairie provinces of the West would be no more than prairies to-day but for the millions of British gold which have been poured over them by the British investor in the shape of transcontinental railways, which alone have rendered possible the exploitation of that land of promise.

#### Effect on Investments.

"The reciprocity agreement has already produced a serious halting effect in the attitude of British financiers towards Canadian securities and enterprises, and this effect is bound to increase, for everyone admits that whatever the agreement might contain, it must have the effect of drawing together the two great nations of the North American continent. This conceivably might be good for Canada, but it is certainly bad for England and the Empire. For this same reason a depreciation is bound to take place in those securities in Canada where some 450 millions of British capital are to-day invested. That money was invested in Canadian railways, and government and municipal loans with these general ideas in the minds of the British people, viz., that we were building a granary for Great Britain in Western Canada, that the rewards of production and transport between the prairie and the coast would fructify the railways in which the British millions are invested and the trade coming in that way from west to east would continue to develop the towns and cities where British money is doing municipal work. The reciprocity agreement completely shatters these conceptions. Everyone admits that this agreement will do one thing, and that is to turn the trade from its present route to one leading to the southern Republic, and as certainly it will divest the railways of a portion of their earning power and check the development of the numerous towns and cities which dot the Canadian railroads.

#### Must Guard the Empire's Interests.

"What I consider to be a most mistaken idea exists, namely, that this is a matter for Canada herself to settle and that Great Britain has no right to interfere. This view has been actually repeated and emphasized by one of Canada's official representatives in this country, who, in discussing this question on a recent public occasion, unconsciously diagnosed with remarkable clarity what appears to many of us to be the shortsighted policy of Canada in this matter. He said: 'We have recently heard a good deal about the destiny of Canada, but it is quite true to say that Canadians are far too practical a people and far too busily engaged in making money by the development of the natural resources of their country to lose much time over such questions.' This, I should be sorry to think is altogether true, but the best authorities seem to confirm the view and to believe that the ultimate result would be not merely to develop the natural resources of the country, but to utterly sap them.

"In a sense no doubt Canada is quite within her rights in concluding any arrangement she pleases with her neighbor in regard to fiscal matters, but beyond strict legal right there is the higher question of Empire interests, and I am not using the word Empire in its narrow sense of the British Isles, but in the broader sense of the whole family of lesser and greater Britain. The United Kingdom is certainly the pivot of the existing British system, but Canada, Australia, New Zealand, and the Union of South Africa are daughter States, whose whole life is closely and inseparably connected with that of the Motherland and of each other. It is all very well to say that being self-governing States it is free to any member of the family to make such arrange-