

may be taken by future Governments—for neither the present nor past Governments seem to have realized the actual position of affairs.

Up to 1846, we had no manufactures in Canada worthy of notice. In reference to this period of our history, the late Hon. Robert Baldwin expressed a very decided opinion in favour of Free Trade, at a public dinner given to him at Dundas. He said:—"With respect to the great change which England has made, it has come on us, by no action of our own. Having been thus imposed upon us by the irresistible current of events, and the progress of Imperial Legislation, it must be carried out to its legitimate consequences. We must look our condition boldly in the face. Above all we must not allow any sickly attempt to favour what might be supposed to be the shipping or any other particular interest to be successful at the expense of the great body of the people of the country. But what I am bound to contend for is, that the farmers of the country are not to be deprived of differential duties in the markets of Great Britain, for the advancement of the separate interests of any other class of the community, either in the parent state or in the colony itself. Depend on it, there will be no retrograde movement on the part of the Imperial Government, to stop the progress of the mighty movement that had commenced. Let us now learn to depend on ourselves. Let us shake off the imbecility of childhood, and stand erect like men, and I feel assured that Canada will be found equal to the emergency."

This extract from a speech of the patriot Baldwin in Canada West, indicates probably the opinion of the majority there at that time (1847). With protection withdrawn in England on Canada's products, she was left free to inaugurate any policy she deemed advisable.

The Free Traders contended that manufactures should have a chance of being established, and for this end and with this view, they urged the repeal of every duty on raw materials required for manufacturing purposes. The Free Trade Members then representing Montreal, session after session, urged the necessity of this measure, until in 1856, some ninety-four articles necessary for manufacturing were added to the free list, a number which has been increased to 140—while there are only 129 articles which pay duty, and these principally manufactures. There was no protection in doing this. There still remained the necessary duty of the Government to form a tariff based on one simple uniform principle—that of levying the minimum rates of duty that would yield the largest amount of revenue. When such a simple principle is adopted by the Government or Legislature for their guidance in arranging the tariff, experience will show what the lowest rate of duty is, which will yield the highest amount of revenue, and when this is ascertained, the duty of the Legislature is to adopt it. But while the notion is allowed to prevail that any interest requires or deserves to be protected, it is clear that the simplicity of the case is altogether altered, for selfish interests rise up and raise an out-cry for protection. That is the truest National Policy which would most usefully employ Canadian capital and Canadian labour, and best sustain the whole population. The great interests of the country are agriculture, commerce and manufactures. These must flourish together, or languish together, and every act of legislation was dangerous in the extreme, which proposed to benefit one of them, without looking to the results, which might fall on the other. The late famous Mr. Webster (United States) once said "the truth was that all those obsolete and exploded notions of protection had their origin in very mistaken ideas of the true nature of commerce. Commerce is not a gambling among the nations for a stake to be won by some and lost by others. All parties were gainers by just and liberal commerce. If the world had but one clime and one soil; if all men had the same wants and the same means on the spot of their existence to gratify those wants, then, indeed, what one obtained from another by exchange would injure one party in the same degree that it benefited the other. We have reciprocal wants and reciprocal means of gratifying each other's wants. This was the true origin of commerce, its only object being to produce that exchange of commodities between individuals, and between nations, which would conduce to the advantage and to the happiness of both."

Now, one would suppose from what is constantly said that the interests of manufacturers have not hitherto been attended to. It has been shown that manufactures have been largely promoted in Canada by admitting raw materials duty free. Look back from that time to the present and consider that our whole revenue is largely collected from customs duties, always has been, and will probably continue to be so collected, and then say where is the propriety of calling on the Government for protection, as if no protection had heretofore been afforded. Every customs duty on imports is incidentally a protective duty, whether that duty be ten, or as at present, seventeen and a half per cent. The cry however is not to put a new duty on imports, but to *augment* duties. The demand is for something more than exists, and yet it is pressed as if nothing existed. Again, it is seemingly forgotten that agriculture is the great interest of Canada, and that the proportion of the people engaged in that branch of industry is probably on the ratio of ninety to ten. If, therefore, a heavy protective tariff is placed on imports, corresponding with the American tariff, it is too plain for argument that doing this would be to enrich the manufacturer at the expense of the farmers of the country. If it is examined, it will be found that it is not protection that is required by the Canadian manufacturer, but a more extended market. Large quantities of goods can be made at cheaper rates than small quantities. At present there is only a market for the supply of four millions of people. The manufacturer has his material duty free and a protective duty of 17½ per cent. If he cannot compete with these advantages in his own market, no increase of duties would enable him to do so, and manufacturing will be found unprofitable.

The course pursued by the United States in this matter is to be regretted, for if there is a country on the face of the earth which should show an example to others, she is that country. While she professes political freedom, she favours commercial thralldom, and maintains illiberal and exclusive tariffs after other nations have abandoned theirs. That the United States has suffered, and will still suffer, by persisting in her present policy, no one can doubt. Canada, on the other hand, admits her wheat, flour, coal, corn, provisions, &c., duty free, as when the Reciprocity Treaty was in force and because we find it our interest to do so. The United States, however, have the same right of levying whatever duties they choose on our exports.

There was a time however, when different principles prevailed among the statesmen of the United States. In the time of Franklin, Van Buren, Jackson

and others, it was stated by the American Minister at the Court of St. James, that "the policy of the United States in relation to their commercial intercourse is founded on principles of perfect equality and reciprocity."

Mr. Clay, the father of the protective system, declared that "he had been always anxious that the trade between the United States and the British Colonies should be placed on a liberal and equitable basis. There has not been a moment since the adoption of the Constitution, when they have not been willing to apply to it principles of fair reciprocity and equal competition."

Since the time above alluded to, Canada from being insignificant as to numbers, is now larger than that of all the six New England States added together, and the interest now of both countries is to create as unrestricted a trade as now exists between the different States of the American Union.

JOHN YOUNG.

Montreal, 12th January, 1878.

THE COMMERCIAL POLITY OF CANADA.

The present prostration of the commercial and industrial interests of Canada appeals to the thoughtfulness of every intelligent citizen, and is calling forth the expression of diverse opinions concerning the appropriate remedies. Some insist that the only need is the advent to power of their own political party and favourite leaders. Others look upon "reciprocity" as the solution of the problem, while some of these carry it to the extent of annexation to the United States. Again, we are told that a retaliating tariff toward that country is the true panacea, but the most common cry is for a protective tariff, which will cause all the consumptive demands of the country to be supplied by her own producers and manufacturers.

In order to form an intelligent opinion of the remedy required, we should first consider the character and causes of the ailment. It should not be forgotten that all the world has been suffering from over production and competition, owing largely to the great development of machinery. All markets have been glutted, prices have everywhere contracted, and widespread bankruptcy has followed. Free Trade England and Protectionist America have suffered alike. Countries with stable and wise governments and the revolutionary States of South America have passed through commercial crises of almost equal severity. It would therefore be surprising if Canada should escape the influence of this universal depression, whoever or whatever were her leaders or polity. But examining closely her present condition, two local causes may be pointed out as aggravating the influence of the general calamity referred to.

First, the diversion of the import and export trade of the Western country, from the Lakes and St. Lawrence, to more Southern routes.

Secondly, exclusion from other markets, and competition from abroad in her own market.

The diversion of the carrying trade requires less consideration than the second statement, as its causes are largely exceptional, the principal one being the strife of railway competition caused by the shrinkage of the volume of business. Canada has embraced the true policy in her scheme of improving her water courses, and having made them effective, it remains to attract attention to them and demonstrate their advantages. Especially must this be done with reference to the great importing and exporting interests of the Western States. Every means should be taken to remove the prejudice which exists toward sending their commerce through a foreign territory, and the identification of the interests of the two countries, so closely allied geographically, should be carefully studied.

With regard to the second cause, it is very clear that one of two courses should be adopted. Either Canada should secure her own markets for herself by excluding the importation from other countries of all articles that can be produced in her own limits, or admitting free competition from abroad, she should seek prosperity by gaining a share in supplying the markets of the world. The first remedy is the panacea of the Protectionists, which has been so often refuted, it will not now be considered. The second course appears the only one worthy of being advocated, and the methods of attaining it are the great themes which demand the consideration of every lover of his country.

The question then is, how shall Canada gain access to foreign markets? First, by being able to produce cheaply. This is to be secured by a low cost of living, cheap labour and an intelligent use of machinery. Secondly, by gaining admittance to those markets on equal terms with other producers, and in this consists the great difficulty. The foreign market to which attention is first drawn is that of the United States. How can we induce her to admit our products free of duty? The natural answer is, by giving her an inducement or compensation. What has Canada to give? Many think that the policy of the United States implies that the only acceptable act would be annexation. For this public sentiment in Canada is not prepared, though many of our leading men believe it to be the best solution, and we must seek another answer. She can give reciprocal concessions in the abolition of duties. She can give the right to her coasting trade, the use of her rivers and canals on equal terms with her own vessels. She may have something to give from the award of the Fishery Commission.

Are these concessions too great sacrifices for the good to be obtained? Many whose individual interests would be adversely affected will violently oppose some or all of them. Statesmanship must solve the problem on the basis of the greatest good to the greatest number.

Next we come to the West Indies and Brazil. Their markets are open to us, let us open ours to them by reducing the sugar duties as low as possible, consistently with revenue needs, thus enabling refineries to work and bringing a flow of imports to us. Then let enterprise introduce return cargoes of our own products and manufactures, such as are constantly sent there from Europe and the United States. The more distant markets of Australia, the West Coast of South America, and even India, China and the Islands of the Seas offer open fields for the discovery of profitable marts. An idle clerk sent on a voyage of discovery might enrich his employers more than by any amount of service at home. As to Europe our trade is well defined, but let it grow by increased production. Let the idlers and unfortunates, who can find no employment in the cities, go to the back country and till the soil; let the Government offer