

THE TRADE DEPRESSION.

It is now nearly three months since our general election, and if all the bright prospects then predicted for Canada have not turned out Dead-Sea apples, at least the revival of trade, &c. &c., promised to us still "looms in the future." The sugar refinery is not yet open, the "manufacturers" have met, and although some of the trades appeared a little recalcitrant, they have agreed upon a "platform," which at least one irreverent newspaper declares beforehand as inoperative, or impossible to be put into practice, and so the months wear on, and trade is still "bad"; one journal in the exuberance of its loyalty said that now our new Governor General had arrived things would come right—*nous verrons!* For ourselves, we have no faith in any royal road to prosperity, nor do we believe that this or that statesman can give us right off a return to better times; as many reasons might be given to account for the general depression which has now hung over every branch of trade for so long, so we believe that it will take time to bring about a return to the good times of some four or five years since.

If Canada stood alone in the suffering from "bad times" we might possibly be inclined to regard it as the result of bad legislation, and so throw the blame on Ministers, but when we see that the depression has been spread world-wide, we have to look further and seek for causes.

In the United States, in England, in France, in Germany, during the past five years, this stagnation of trade has been severely felt, and although the discipline has been sharp, let us hope that when the improvement arrives, it will have worked a thorough cure, and that the foundation may have been laid of a more stable and well-balanced prosperity.

The time has gone by when nations can indulge in the luxury of contemplating with tranquil satisfaction the misfortunes of their neighbours. A wider knowledge of the causes of national prosperity, and also, perhaps, a larger and more generous international sympathy, have brought all civilised countries to feel that in commerce, at any rate, what the political dreamers call "the solidarity of the peoples" has become a vital reality. When one member is injured the whole body suffers. The jealous rivalries of politics do not affect this strong material relation. Of no countries is this law of mutual dependence more plainly true than of the great Anglo-Saxon communities which stand at the head of the world's commerce. The unparalleled prosperity of England antecedent to the present "hard times" was stimulated by the feverish activity of trade and speculation in the United States. About the end of 1873 the collapse came; the venturesomeness and improvidence of the prosperous years that followed the Civil War entailed its penalty of stagnation and suffering, and the revival has been hindered by errors in policy and popular follies. An inconvertible paper currency and a recurrent demand for its inflation, joined with a protectionist tariff and a passionate feud between labour and capital, have retarded the inevitable reaction, but the Americans confidently believe it is coming at last.

The waste of capital in the United States and elsewhere when it seemed as if capitalists would never tire of lending, worked incalculable mischief both to borrower and lender. It has been the proximate cause of half the trouble which has ensued. States and municipalities, corporations and industrial enterprises of every sort, had the free handling of what seemed a limitless supply of borrowed money, and in handling it great numbers of unscrupulous men levied toll for themselves and their favourites. The augmentation of wages which naturally resulted from a spasmodic and febrile increase of employment pushed still further by the ambition of politicians and local schemers desirous of acquiring a cheap popularity. How all this revel of extravagance reacted upon production and the rate of wages we need not recall. All our commercial interests are still suffering from this unhealthy fastness of living; the hope remains that though so much has been wasted there may be yet something left to show for the expenditure of capital, and that many of the enterprises rashly undertaken may survive under new management, and that railways, mills and other undertakings in which the money has been spent may again rise with a renewal of business.

Whilst passing through the unprecedented trial which trade has undergone, it was almost natural that men should look for some help from legislation, and so protectionist ideas have been once more brought to light, occasionally in unexpected quarters, for we hear of them again even in free trade England. Many people believe that their respective trades would gain by protection; which they clamour for accordingly, although they may disguise their demand; but they are not unanimous, each one speaks for himself. Farmers think of the price of bread and meat, and the protection they want is against the duties on food imported. Manufacturers, on the other hand, declare that duties on the necessities of life are, of course, out of the question, but we must prevent our being inundated by foreign manufactures. All they agree in is that something must be done by Government to support them—to give them an advantage in the industrial struggle they would not otherwise possess, and to save them from the law of competition and the duty of trusting to their own exertions alone in a field which should be as free as possible, so far as legislation can make it. Pitiably as this expression of opinion is, it is inexpedient to ignore it, although nothing seems more improbable than that any responsible statesman should risk the ridicule and failure if he were to attempt any such legislation. The peculiar character of these protectionist doctrines may be traced to the opinion that other countries, notably the United States, have prospered by means of protection, and are well satisfied with that policy. Some particular industries may have been abnormally developed, but no greater mistake can be made than looking at special industries when dealing with a general question. The whole field must be surveyed, and when this is done, whether we consider the growth in imports and exports, or the increased consumption of articles of free trade England. Trade is no find no parallel to the advance of free trade England. Factories are shut up and workmen out of employment; but then trade has been depressed in the United States and Germany, and elsewhere. There is nothing to support the notion that protectionist countries prosper more by protection than do free trade countries, but there is much presumptive evidence to the contrary. The constant cry for more protection is like the cry of a patient for

a noxious drug, the administration of which allays his malady for a time and then leaves him in a worse state than before. The cry is a sign of the badness of the patient's condition. In the United States, moreover, the evils of protection have been so deeply felt that, along with the demands for more protection, there has been developed a movement of some importance in favour of free trade. The patient is beginning to be tired and suspicious of his Protectionist stimulants, and turns to more radical cures. When we find a politician like Mr. Bayard, a probable Democratic candidate for the Presidency at the next election, declaring himself a Free Trader in an elaborate address, we may be quite sure that American satisfaction with the Protectionist régime is by no means universal or profound. It would indeed be strange if the American people were satisfied. Considering on the one hand the number of industries, such as ship-building and ship-owning, which Protection in America has either killed or damaged, and on the other hand the obvious plunder of the American masses by a few New England manufacturers, which is the real effect of the tariff, there is little cause for surprise at Free Trade opinions having lately been diffused with rapidity in the United States, although they may yet have to acquire a majority of votes.

The real support of Protection in every country is always the manufacturer or producer in some particular trade, who sees that he will have a better market if foreign competition is hindered or wholly kept out. Protection has no root in the realities of trade, and breaks down against the facts whenever any practical measures come to be proposed.

The question of capital and labour, and the wages of the working classes, forms an important element in the discussion; there is only one rule for wages, and against it we must all contend in vain. It was formulated years ago by Mr. Cobden: "If three masters are running after two men, wages will rise; if three men are running after two masters, wages will fall." A discontented portion of the working classes in different places have tried to disturb society, and to enforce wild Socialistic remedies for evils that gradually exhaust and heal themselves. Even the workmen will have been benefitted by the reduction of wages, if it has taught them once more the almost forgotten lessons of frugality, patience, steadier work, and longer hours of labour.

We have said that we believe it is of little use looking to legislation to better the condition of affairs. It reminds us of the fable of the waggoner calling upon Hercules to aid him in lifting his cart out of the rut. The opinion of intelligent men, and all experience, seem to teach us that if a meddling policy be avoided, the revival of commercial and industrial activity will come about in a natural way, not by leaps and bounds, but by equable and sure progression.

It is obvious, however, that the Protectionist policy of our American neighbours has forced this question upon our consideration in Canada, and the depression in trade has induced us to catch at any help, or seeming help, out of our troubles. The opinion of the people was so unmistakably expressed at the polls in September last, that we are probably committed to a trial of Protection, if only as an experiment.

THE HALIFAX FISHERIES AWARD.

Mr. Evarts in his despatch of September 28th, 1878, addressed to John Welsh, Esq., American Minister in London, says:

"This Government conceives that the fishing rights of the United States conceded by the Treaty of Washington are to be exercised wholly free from the restraints and regulations of the Statutes of Newfoundland, now set up as authority over our fishermen, and from any other regulations of fishing now in force, or that may hereafter be enacted by that Government. It may be said just participation in this common fishery by the parties entitled thereto may, in the common interest of preserving the fishery and preventing conflicts between fishermen, require regulation by some competent authority. This may be conceded, but should such occasion present itself to the common appreciation of the two Governments, it need not be said that such competent authority can only be found in a Joint Convention that shall receive the approval of Her Majesty's Government, and of our own. Until this arrangement be consummated, this Government must regard the pretension that the legislation of Newfoundland can regulate our fishermen's enjoyment of the Treaty right as striking at the Treaty itself. It asserts an authority on the one side and submission on the other which has not been proposed to us by Her Majesty's Government, and has not been accepted by this Government."

In answer to this, Lord Salisbury in his reply to Minister Welsh under date November 7th, 1878, says:

"In pointing out that the American fishermen had broken the law within the territorial limits of Her Majesty's Dominion, I have no intention of inferentially laying down any principles of international law, and no advantage would, I think, be gained by doing so to a greater extent than the facts in question absolutely require. I hardly believe, however, that Mr. Evarts would in the discussion adhere to the broad doctrine, which some portion of his language would appear to convey, that no British authority has any right to pass any kind of law binding Americans who are fishing in British waters, for if that contention be just, the same disability applies *a fortiori* to any other power and the waters must be delivered over to anarchy. On the other hand, Her Majesty's Government will readily admit, what is indeed self-evident, that British sovereignty as regards these matters is limited in its scope by the engagements of the Treaty of Washington, which cannot be modified by any municipal legislation."

The pretension made by Mr. Evarts in effect is the following: The United States and Great Britain by Arts. 18 and 19 of the Treaty of Washington virtually renounced their respective rights of sovereignty and jurisdiction over the maritime territories specified in these articles *quoad* the kinds of fishing therein mentioned, so far as the subjects or citizens of the other contracting party are concerned.

There is no pretension that statutes or laws in force in such maritime territories on other subjects than the fisheries do not apply to the foreign fishermen, but merely that the British regulations *quoad* fishing do not affect

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