

that I have presented them free from political bias, holding fast by the sheet anchor of loyalty to our own Dominion and the mother land. I am sorry that I am unable to be present at your meeting.

Yours truly,
JOHN WATERS, Springbank, Ont.

To the President and Members of the Dominion Farmers' Council:

The question of commercial union with the United States is one of considerable interest to the people of this Dominion, and especially to the farmers who constitute such a large percentage of our population.

The problem for the farmers of this Dominion to solve in connection with the consideration of this question is, which of the three following systems of trade policy will be most beneficial for us to adopt?

1. The existing trade policy, as adopted by our Parliament, with certain variations in the direction of a high protective tariff.

2. A reciprocity treaty with the United States, embracing a free interchange of certain products and manufactured goods, as might be mutually agreed upon, each country retaining and framing its own tariff on all products and goods not covered by the treaty.

3. A commercial union covering the free interchange of the entire products and manufactured goods of both countries, with a tariff that would of necessity have to be similar, and would have to be adopted by both countries against all other countries, Britain included, and in all probability the present high tariff of the United States would be adopted.

Before entering into the merits of the foregoing schemes, it will be well to take a look at the extent of our trade relations with Great Britain and the United States; it is only by doing this that we can approximate to anything like a correct understanding of this many-sided question, and for this purpose we will take the imports and exports for the year ending June 30th, 1886.

Imports of 1886, ending June 30th.

Total value of goods entered for consumption.....\$99,602,694
Of this amount we imported from Great Britain.....40,601,199
And from the United States.....44,868,039
And from other countries.....14,143,456

Total Exports, the produce of Canada, \$74,975,506
Composed as follows, and the countries to which exported:-

	Great Britain.	United States.	Other Countries.
The produce of the Mine..	\$ 3,951,147	\$ 3,115,066	\$ 245,619
Fisheries.....	6,843,388	2,567,548	2,069,080
Forest.....	21,034,611	10,890,727	1,629,478
Animals and their products.....	22,065,423	6,742,780	507,972
Agricultural products.....	17,632,779	8,762,994	1,170,821
Manufactures.....	2,824,137	1,297,866	589,820
Miscellaneous.....	604,011	551,553	5,822
	\$74,975,506	\$31,463,342	\$6,817,601

The above figures will show at a glance the importance of the trade with Great Britain and the United States, our imports, for instance; of a total importation entered for consumption of \$99,602,694, we imported from Great Britain \$40,601,199, and from the United States \$44,868,039, other countries \$14,143,456. The few horses, cattle and sheep that were imported last year were mostly all absorbed by British Colum-

bia, Manitoba and the North West Territories. Our exports last year, the produce of Canada, amounted to \$74,975,506; Britain took of that \$36,694,263, the United States took \$31,463,342, other countries \$6,817,901.

It will be noticed that Britain took of animals and their products, and of agricultural products, twenty-two and one-half millions; and the United States took nearly fifteen and one-half millions.

In looking carefully into the items that compose the headings, animals and their products, and agricultural products, it is clearly shown what composes our trade with Britain and the States. It is evident without any manner of doubt that the English market is our best market for heavy, well fed cattle and sheep, as well for our wheat, oats and peas; then almost our whole cheese and butter export goes to the English market. A few comparisons indicating the growth of this trade will show conclusively the certainty of this market.

In 1877, which was eleven years after the termination of the Reciprocity Treaty, our cattle and sheep trade with Britain was in its infancy; in that year we sent 4,007 head, which realized \$78.69 per head; for the year ending June 30th, 1886, we sent 60,549 head, bringing \$82 per head. In 1877 we sent to the United States 13,851 head of cattle, value \$19.37 per head, and in 1886 we sent 25,338 head, value \$24 per head.

In 1877 we sent of sheep to England 3,170, value \$6.92 per head; in 1886, we sent 36,411, value \$8.73 per head.

In 1877 we sent of sheep to the United States 198,820, value \$2.69 per head. In 1886 we sent them 313,201, value \$2.64 per head.

	Pounds.	Value.
Cheese export in 1886 to Great Britain.....	77,623,157	\$6,720,134
Cheese export in 1886 to United States.....	174,674	15,478
Butter export in 1886 to Great Britain.....	3,546,182	652,863
Butter export in 1886 to United States.....	111,388	17,545

It will be seen by the few comparisons made that the fat cattle and sheep trade is with Britain and will continue to go there, as well as our cheese and butter trade; it is beyond dispute that the English market takes our surplus wheat, oats and peas.

Then on the other hand, the American market takes the bulk of our barley, a small proportion of peas and oats, and all our surplus lambs, and small, inferior cattle, as well as our surplus poultry and eggs. Of the total export of horses last year, which was 16,525, the Americans got 16,113, value \$130 per head.

The few statistics as given above will assist to form an opinion upon the first proposition "as to our existing trade policy." We can start under this head with a certain degree of confidence as to the reliability of the English market for our wheat, peas, oats, butter and cheese, and, as long as the United States and Canada have any surplus of the above for sale, the English market will determine the price; then we have our cattle and sheep trade; we can look with equal certainty to the continuation of that trade, as long as we send the right stamp of cattle and sheep to that market, and although we had free trade with the Americans to-day, it would not benefit us with respect to this branch of the trade, as they are exporters to the same market.

There can be very little difference of opinion that if the American duties were removed from the items of export, the trade in barley, horses, lambs and the lighter kinds of cattle, and also poultry, eggs and potatoes, it would be beneficial to the farmers of the Dominion, as there can be no doubt these various items of export will continue to find a market in the United States, tariff or no tariff.

It must also be borne in mind under this head that our own Parliament can at any time give us the full benefit of American competition in our own markets, if we so desire it.

As to the second proposition, namely, a reciprocity treaty, the unrestricted trade in as many of our products and manufactured goods as could be agreed upon for a like privilege for the American products and goods; for instance, the Americans want our barley, horses, lambs, poultry,

eggs, potatoes, fish, wool, coal, and lumber; we want their corn, coal, cotton in the raw, sugars and syrups; the free interchange of these products could not but be beneficial to both countries, and would not to any extent interfere with or injure our manufacturing industries, with the exception of the sugar industry.

The free importation of corn would tend to increase our production of fat cattle for the English market. This item we have full control of, for our own Parliament can take off the duty at any time, and I have no doubt if the farmers demand it, the duty will be taken off.

One great redeeming feature in adopting a policy of this kind, we can protect our manufacturing industries from undue or any competition from the American manufacturer, and we retain full control of our own tariff on all articles of import or export, except those articles covered by the treaty.

A treaty of this kind would not compel us in any way to adopt a high tariff against the manufactured goods of Great Britain, but would leave us at perfect liberty to pursue our present policy, or a more liberal one, if we saw fit, as to the manufactures of Great Britain.

As to the third proposition, namely, a commercial union, a union of this kind implies the entire abolition of a customs tariff between the two countries, and of necessity a uniform tariff to be adopted as regards the importations from foreign countries, Britain included.

This means, as far as Canada is concerned, an entire change of our existing trade relation, and particularly with regard to England. We would have to adopt some other mode of raising our necessary revenue, or else enter into an agreement with the Americans to receive a certain sum, a percentage of the entire customs revenue of the two countries, and for making this change we are told we will have the advantage of trading with 60 millions of people. We must also bear in mind in connection with this, that no change can take place respecting our present exports to the English market, provided that England will still pursue the same liberal policy in the future as she has done in the past, which will be expecting too much if commercial union takes place. We can apply the common sense rule as to what this prospective extensive trade with this 60 millions of people means; our exportations of cattle, horses, lambs, sheep, potatoes, poultry and eggs will not be any more extensive than what can be obtained under a reciprocity treaty. Then comes the trade in manufactured goods. Are we as a people able to hold our own, and compete in the American markets, with American manufacture's? It was contended by our manufacturers in 1877, when we had a moderate protective tariff, that we were unable to hold our own against the Americans in our own markets; hence the present protective tariff. It may well be asked, how then can our manufacturers hold their own market, and compete with the Americans in their market?

If the ground taken in 1878 was correct and honest, then the question is easily answered: Commercial union will not give the American market to our manufacturers, but it will give the Canadian market to the American manufacturers. Our manufacturing industries are yet in their infancy, with a very limited capital in the most of cases; on the other hand the manufacturing industries of the Americans have a stability and capital gained by one hundred years protection. That the competition between the industries of the two countries will be short and sharp, and we will find, after bitter experience, that the industries that we have made such sacrifices to build and foster will almost be swept out of existence. It may well be asked, will the farmers of Canada benefit by such a state of things? The answer is, "No."

Commercial union will do more to foster the spirit of annexation amongst our people than any other policy that can be adopted.

If we as a people are desirous of maintaining our present relations with the mother country, if we are desirous of remaining loyal to the British Crown, if we are desirous of building up our own industries, we will avoid commercial union; for the working and outcome of commercial union will produce the opposite of these.