

something for political economists to ponder over, Section twenty-five provides that articles that are manufactured for export, and upon which a duty has been collected on the raw material, are to be entitled to a rebate equal to the amount of the duty paid when these articles are exported, less one per cent. on amount collected, or in other words the labourer who manufactures the goods is to be taxed in order to cheapen the cost to the consumer outside of the country." It is safe to say that this is not a Canadian's idea of justice to labour; in Canada we believe in cheapening the cost of maintenance for the labouring classes that they may be able to manufacture more cheaply, and we protect them in order that they may acquire the skill and develop competition among themselves to insure perfection and economy, and in order that we may get the benefit of that particular clause of the McKinley Bill it is clearly advisable to remain outside of that commercial Bund whose policy is designed to manufacture for foreigners more cheaply than they can manufacture for themselves. Canada possesses a great advantage in the development of her trade, that is, in a very long coast line which places her on the world's highway in a most favourable position for foreign trade, all that is required is an increase in the volume to effect a great reduction in the cost, and in that respect Canada offers a good field for the investment of capital, or perhaps more properly for labour, because industries in Canada have rather to be built up than created, and for that reason Canadians have designed their commercial policy to meet their peculiar circumstances. It is likely to become, and properly so, a settled Imperial policy that no discrimination on the part of one portion of the British Empire can be made in favour of a foreign nation from which any nation owing allegiance to the Empire is excluded. This secures reciprocal relations of a most valuable character to all parts of the British Empire, and gives a stability to commercial enterprise that lays out its foundation upon such an extended market.

To revert, however, to the purposes of this article, which is intended to illustrate wherein the commercial policy of Canada differs from the commercial policy of the United States, in so far as the interests of a reciprocal treaty is concerned. The contention has been advanced that under the commercial policy of Canada the contribution to the revenue is voluntary, and rises or falls according as the people are prosperous or the reverse, and in order to illustrate that more forcibly, clothing, one of the prime necessities, may be taken as an example. The writer, on leaving his prairie farm in the north-western part of the Province of Manitoba, 700 miles north of St. Paul, and 600 miles from the Hudson Bay, in order to attend the session of Parliament in Ottawa, passing through the city of Winnipeg purchased at the establishment of Sanford and Company there, a suit of clothes to wear during the present session of Parliament in Ottawa for which he paid \$8.45. It was Canadian tweed. The cost at the manufactory in Hamilton is \$8, forty-five cents being charged for the cost of distribution among the retail traders in Manitoba and the North-West. The wool of which the suit of clothes was made is admitted free from Australia, it was manufactured into cloth at Rosamond's Woollen Mills in Cobourg, Ontario, and into clothing at Senator Sanford's large manufactory in the city of Hamilton. The writer in purchasing that suit of clothes did not contribute to the revenue; it was made as cheaply and as well as the same class of goods can be made anywhere in the United States, most probably better, so that there was no excessive cost in consequence of the duty. Senator Sanford, who is the leading spirit in the large manufactory which distributes this clothing throughout Canada, appeared in his seat in the Senate Chamber in a suit of broadcloth imported, which cost him probably thirty dollars wholesale, and upon which he contributed to the revenue from eight to ten dollars. That was a voluntary contribution on his part. He might have worn a suit of his own tweed had he been so minded. His means permitted him to purchase the more expensive clothing, and in doing so he helped to pay the writer's share of the revenue. In that sense his contribution to the revenue was voluntary, and there was no force put upon the writer to contribute to the revenue in providing himself with the necessary clothing. In the United States wool is taxed. Take the wool which is used in manufacturing worsted cloth as an example. It is largely imported and pays a duty of eleven cents per pound unwashed, but when it is prepared to go into the cloth it is reduced about sixty per cent., consequently the tax is about twenty-five cents per pound in the cloth. To that extent the citizen of the United States is forced to contribute to the revenue, while the Canadian citizen, if satisfied with home-made clothing, goes free, therefore placing our manufactures under the same conditions will not improve the commercial status of the people of Canada.

The free trade tendencies of the people will probably force future Governments gradually to remove the duties that enter into the cost of maintaining the industry of the country, and assist labour in distributing its product in the markets of the world, and at the same time maintain an equilibrium in its commercial policy, in the power to draw the highest amount of revenue from the capital of the country at the least expense to labour without impairing the value of either. As it has been before stated, the revenue in Canada is only collected from those who are able and willing to pay, and the people of Canada have increased their ability to contribute to it from five dollars and a-half in the year 1878 to seven dollars and sixty cents

per head in 1889. But a farmer's family of ten, if they desire to do so, now that sugar is free, can live comfortably without being compelled to contribute in their annual expenditure more than five or six dollars a year to the revenue; while under the tax-gatherer seventy-six dollars a year would be levied upon them—a very serious addition to the burden of the farm expenditure. Should the prosperity of the country increase as much in the next ten years as it has done in the past ten years, the revenue will amount to sixty or seventy million dollars a year, if the same commercial policy is pursued, thus reflecting in the increase the prosperity of the country. The people of the United States contribute to the revenue about six dollars a year per capita, which may be accepted as an evidence that their ability to contribute is not equal to that of the Canadians, although in many articles of prime necessity the citizen of the United States is forcibly taxed, while the Canadian citizen is free. Comparing the duty that is collected upon the imports into the United States, including free and dutiable goods, the average tax that the citizen of the United States has to pay is about sixty per cent., while adding the free and dutiable imports together and taking the tax collected in Canada, the people have to pay twenty-two per cent.—again showing the more liberal position the citizen of Canada occupies commercially.

In regard to markets, which are a prominent feature in any reciprocity negotiations, we will take wheat and breadstuffs, which both countries produce, and both countries sell their surplus in the same market. Prior to 1878 wheat was admitted free, consequently, during the eleven years from 1868 to 1878 inclusive, the United States controlled our local markets, the imports during that decade amounting to seventy million bushels of wheat and one hundred and fifty-four million dollars' worth of breadstuffs, inclusive of wheat. During the same period the exports from Canada were sixty-four million bushels of wheat and one hundred and fifty-four million dollars' worth of breadstuffs. In 1879 the national policy protected the local markets of Canada for their own agricultural population, and in the period between '79 and '89 the position was reversed. American imports were driven out and increased production in Canada followed. During the latter decade the imports only amounted to nineteen million bushels of wheat and forty million dollars' worth of breadstuffs, while after supplying the markets formerly occupied by the agriculturists of the United States, and feeding an increased population, we were still enabled to export sixty million bushels and one hundred and seventy-four million dollars' worth of breadstuffs. In the first decade we did not grow enough for our own consumption, and while our local markets were being supplied by the farmers of the United States, we were competing with them in the distant markets of Great Britain, while a more profitable market existed within ourselves. In the second decade under the national policy, production was stimulated, and while feeding our own population we maintained increased exports. This is direct evidence of the value of our own markets for agriculture produce.

Another feature worthy of note in dealing with the question of wheat production and its price: For five years prior to 1878 the average price in New York was higher than the average price in Montreal, for the five years subsequent to 1878 the average price was equal, and for the five years prior to 1889 the price in Montreal averaged ten cents higher than the price in New York. And last year in consequence of the reduction of freight rates, which had fallen from fourteen cents per bushel to Liverpool in '78, to eighteen cents per quarter of eight bushels in 1890 from the port of Montreal, for the first time in the history of the country the price in Toronto exceeded the price in Liverpool, showing that the prosperity of the consuming population reacted upon the producing. Cattle and sheep, barley and oats, butter and cheese, all find ready sale in the English markets. Ocean transport is low, and the population of Great Britain is a manufacturing population. Consequently, leaving sentiment out of the question, it would be short-sighted policy for Canadians to close their markets to the people of England under unrestricted reciprocity with the United States for the purpose of exchanging products with a country which has got a surplus and which they do not want, while refusing to exchange upon equal terms with the people of England the products of labour that each country requires.

It is frequently asserted that Canada discriminates against England in her commercial policy. Such an assertion is incorrect. Canada exports to the United Kingdom from forty to forty-five million dollars' worth of produce, and imports the product of British labour from forty to forty-five million dollars' worth; while the United States exports four hundred and fifty million dollars' worth to the United Kingdom and imports the product of British labour one hundred and ninety million dollars' worth. An American statesman has lately remarked that one hundred million dollars of this deficiency between imports and exports had to be annually met by exports to South American markets from British workshops; United States' merchants purchasing the exchange in London to pay for their imports from those markets. The reciprocity treaty lately negotiated is intended to alter this commercial feature, and it remains to be seen how far it will affect the purchase of American produce by British labour. Were we to ally ourselves commercially with the United States under a policy that produced the effect of purchasing only fifty per cent. of what we sold, we might then be accused of discrimination; but while our exports are balanced by

our imports there is no discrimination against British labour. The labour of the United States gets an advantage over English labour in the amount of free goods imported from the neighbouring Republic, but that is owing to the importation of coal, cotton, hides, etc., articles which England cannot export. About forty per cent. of the imports from the United States are admitted free, while only about twenty-two per cent. are admitted free from the United Kingdom into Canada. To that extent only is there a discrimination, which is however the force of circumstances not the effect of policy.

At the late elections two policies were presented to the people by the Conservative and Liberal leaders. The one was the policy of opening negotiations with the Government of the United States to bring about a reciprocity treaty between the two countries in natural products, while maintaining the principle of the national policy of Canada. Sir John Macdonald's personal appeal was on behalf of the national policy alone. The other was to ally ourselves commercially with the United States under a policy of unrestricted reciprocity. Both views were ably discussed and the verdict was rendered sustaining the Government. The general interpretation that might fairly be put upon the result was that greater freedom of trade was desirable, but that in the negotiation of any treaty no discrimination should take place that would hamper our trade with Great Britain. During the campaign unrestricted reciprocity was shown to have that effect, consequently a large number of the Liberal voters boldly declared themselves and supported the Conservative party; and a very large number only supported their Liberal leaders upon receiving private assurances from their candidates that they would on no account vote for any measure that would discriminate against our trade with the United Kingdom. In fact there was sufficient evidence brought out at the last election to show that there existed a party in Canada who might be called Conservative Liberals, whose principles are the same as those that brought the Liberal Unionist party in England into existence and to the support of the Conservative party there; Liberals who first and foremost desire to maintain the integrity of their country intact and to maintain the integrity of the Empire intact. Possibly they may have as yet no cohesion, but that they exist in large numbers from the Atlantic to the Pacific is beyond a question; men whose instincts warn them when danger is nigh. And the Liberal party would have found their ranks sorely depleted had not the tocsin been sounded that there was no danger that the policy the Liberal party advocated was a policy of free trade in its purity and in its simplicity. The letter of the Hon. Mr. Blake has shown the fallacy of that position since the elections, and now the question will resolve itself into whether the Conservative element of the Liberal party will merge itself individually into the Conservative party, or give it its support as a party unit. That may fairly be considered one of the political aspects of the late elections in Canada, and although public opinion has not crystallized itself as yet, those who have the opportunity of knowing the political feeling of Canadians will recognize the justness with which their position is presented. The Conservative party is strong in Canada in the ranks of the people, and its strength is increased by the legacy of the patriotic policy which Sir John Macdonald has left behind him, and the memory of that illustrious statesman who has passed away will, for the time at least, hallow the conflicting elements of party warfare and help to purify the political atmosphere which becomes periodically surcharged with the bacteria of political life in a country which has a large public domain to dispose of and develop.

The Honourable Mr. Blake, upon whom the hopes of the Liberal party rested (in fact it may fairly be said upon whom the hopes of the people as a whole rested) when the crisis arrived from which the country has just emerged through the death of the Right Hon. Sir John Macdonald, in a letter to his constituents declining to be their candidate at the late election—not published until after the election—was obliged to confess that after twenty-five years' service on watch as leader of the Liberal party, he realized that the policy his party was appealing to the country upon would result not only in commercial absorption but in political absorption; and his honesty would not permit him to lead the people to a goal that they had not their eyes fixed upon, or to advocate a policy the full effect of which the people were ignorant of. He had to come down from the quarter deck and leave the good ship *Canada* to drift on the waves of uncertainty, or, as he himself expressed it, to a drifting policy, and, had it not been for the Leader of the Senate, the Hon. Mr. Abbot, who is seventy years of age, and who was able to pull a vigorous oar, the taut ship *Canada* might have drifted on the rocks and sunk beneath the waves of uncertainty, and have been blotted out of the geography of the world without a tombstone raised to mark the heroism of her crew. Now, when the reconstruction of the Government takes place, which assuredly it must, there is every reason to believe that a Government will come to life that will have patriotism as its lode star, rectitude as its watchword, progress emblazoned on its standard, and loyalty to the British Empire imprinted in its heart; a Government that will work with the Government of the United States in promoting the welfare of this continent in peace and industry and commercial freedom, under the aegis of the greatest Empire the world has ever known, the Empire of a free people, a people numbering millions by the hundred, and ever adding to their numbers.

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C. A. BOULTON.