

tory basis, manufactures also should be admitted free of duty from each country into the other. But to effect this it is necessary that no higher duty should be levied in one country than in the other on iron, silk, wool, and the other materials of manufactures. Without this the country admitting them at low duties, or without any, would manifestly be able to undersell the other if it continued such duties as it might deem necessary for its revenue or prudent for the protection of its labor against the competition of countries under different social and monetary conditions.

The best arrangement of reciprocal trade between the two countries must include more or less the manufactured as well as the raw productions of each, thus giving mutual encouragement to various and differing industries on both sides of the line and permitting labor in each to adjust itself to the most advantageous employments. The United States have never yet made decisive efforts to secure the benefits thus within their grasp.

If such a system of reciprocal exchanges could be extended to manufactured productions, both countries would assuredly profit. The first effect might seem detrimental to special interests in both, but a natural equilibrium would soon establish itself, producing conditions under which capital and labor would be applied to the best advantages. It would be found what each country can produce better and more cheaply for the other than the latter can for itself, and under such circumstances each would obviously be the gainer by mutual exchanges. It is the nature of trade that it will not long be continued unless all the parties gain by it. Both as producers and consumers the people of each country would profit by such an economical adjustment of affairs.

As many manufactures in both countries are made of materials imported from various parts of the world, it would manifestly be impossible to establish a completely free system of commercial intercourse with Canada, except under duties not only corresponding but also equitably divided on the productions of other countries. This is the chief obstacle to any fair, mutually advantageous, and complete arrangement of reciprocity between us.

If, for instance, wearing-apparel, of which we formerly sold large quantities to the Canadians, were included in a list of free exchanges between us and them, without any more fundamental and comprehensive change, Canada, by admitting free of duty wool, or, if she chose, cloth and the other articles used in making the apparel, could undersell us so far as to drive us out of our own markets. The principle thus illustrated is applicable to almost all other manufactures. The materials for manufactures of wood, wool, and iron are already brought into Canada either free of all imports or under nominal duties for the purpose of encouraging cheap production. There is