

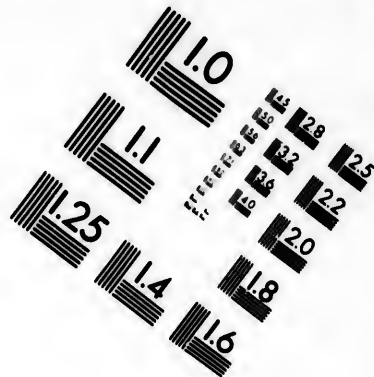
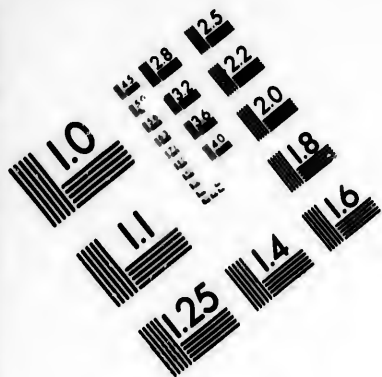
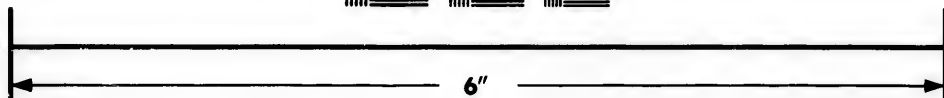
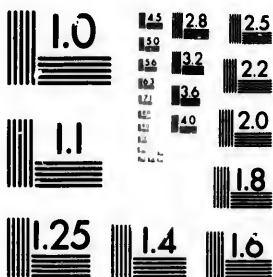


IMAGE EVALUATION TEST TARGET (MT-3)



Photographic
Sciences
Corporation

23 WEST MAIN STREET
WEBSTER, N.Y. 14580
(716) 872-4303

**CIHM/ICMH
Microfiche
Series.**

**CIHM/ICMH
Collection de
microfiches.**



Canadian Institute for Historical Microreproductions

Institut canadien de microreproductions historiques

1980

Technical and Bibliographic Notes/Notes techniques et bibliographiques

The Institute has attempted to obtain the best original copy available for filming. Features of this copy which may be bibliographically unique, which may alter any of the images in the reproduction, or which may significantly change the usual method of filming, are checked below.

- ☐ Coloured covers/
Couverture de couleur
- ☐ Covers damaged/
Couverture endommagée
- ☐ Covers restored and/or laminated/
Couverture restaurée et/ou pelliculée
- ☐ Cover title missing/
Le titre de couverture manque
- ☐ Coloured maps/
Cartes géographiques en couleur
- ☐ Coloured ink (i.e. other than blue or black)/
Encre de couleur (i.e. autre que bleue ou noire)
- ☐ Coloured plates and/or illustrations/
Planches et/ou illustrations en couleur
- ☐ Bound with other material/
Relié avec d'autres documents
- ☐ Tight binding may cause shadows or distortion
along interior margin/
La reliure serrée peut causer de l'ombre ou de la
distortion le long de la marge intérieure
- ☐ Blank leaves added during restoration may
appear within the text. Whenever possible, these
have been omitted from filming/
Il se peut que certaines pages blanches ajoutées
lors d'une restauration apparaissent dans le texte,
mais, lorsque cela était possible, ces pages n'ont
pas été filmées.
- ☐ Additional comments:/
Commentaires supplémentaires:

L'Institut a microfilmé le meilleur exemplaire
qu'il lui a été possible de se procurer. Les détails
de cet exemplaire qui sont peut-être uniques du
point de vue bibliographique, qui peuvent modifier
une image reproduite, ou qui peuvent exiger une
modification dans la méthode normale de filmage
sont indiqués ci-dessous.

- ☐ Coloured pages/
Pages de couleur
- ☐ Pages damaged/
Pages endommagées
- ☐ Pages restored and/or laminated/
Pages restaurées et/ou pelliculées
- ☒ Pages discoloured, stained or foxed/
Pages décolorées, tachetées ou piquées
- ☐ Pages detached/
Pages détachées
- ☒ Showthrough/
Transparence
- ☐ Quality of print varies/
Qualité inégale de l'impression
- ☐ Includes supplementary material/
Comprend du matériel supplémentaire
- ☐ Only edition available/
Seule édition disponible
- ☐ Pages wholly or partially obscured by errata
slips, tissues, etc., have been refilmed to
ensure the best possible image/
Les pages totalement ou partiellement
obscurcies par un feuillet d'errata, une pelure,
etc., ont été filmées à nouveau de façon à
obtenir la meilleure image possible.

This item is filmed at the reduction ratio checked below/
Ce document est filmé au taux de réduction indiqué ci-dessous.

10X	14X	18X	22X	26X	30X
☐	☐	☐	☒	☐	☐
12X	16X	20X	24X	28X	32X

The copy filmed here has been reproduced thanks to the generosity of:

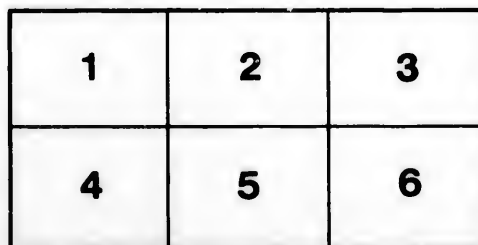
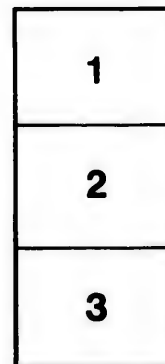
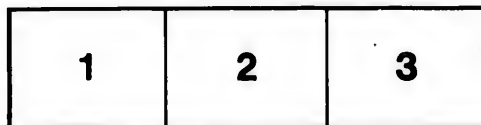
Library of the Public
Archives of Canada

The images appearing here are the best quality possible considering the condition and legibility of the original copy and in keeping with the filming contract specifications.

Original copies in printed paper covers are filmed beginning with the front cover and ending on the last page with a printed or illustrated impression, or the back cover when appropriate. All other original copies are filmed beginning on the first page with a printed or illustrated impression, and ending on the last page with a printed or illustrated impression.

The last recorded frame on each microfiche shall contain the symbol → (meaning "CONTINUED"), or the symbol ▼ (meaning "END"), whichever applies.

Maps, plates, charts, etc., may be filmed at different reduction ratios. Those too large to be entirely included in one exposure are filmed beginning in the upper left hand corner, left to right and top to bottom, as many frames as required. The following diagrams illustrate the method:



L'exemplaire filmé fut reproduit grâce à la générosité de:

La bibliothèque des Archives
publiques du Canada

Les images suivantes ont été reproduites avec le plus grand soin, compte tenu de la condition et de la netteté de l'exemplaire filmé, et en conformité avec les conditions du contrat de filmage.

Les exemplaires originaux dont la couverture en papier est imprimée sont filmés en commençant par le premier plat et en terminant soit par la dernière page qui comporte une empreinte d'impression ou d'illustration, soit par le second plat, selon le cas. Tous les autres exemplaires originaux sont filmés en commençant par la première page qui comporte une empreinte d'impression ou d'illustration et en terminant par la dernière page qui comporte une telle empreinte.

Un des symboles suivants apparaîtra sur la dernière image de chaque microfiche, selon le cas: le symbole → signifie "A SUIVRE", le symbole ▼ signifie "FIN".

Les cartes, planches, tableaux, etc., peuvent être filmés à des taux de réduction différents. Lorsque le document est trop grand pour être reproduit en un seul cliché, il est filmé à partir de l'angle supérieur gauche, de gauche à droite, et de haut en bas, en prenant le nombre d'images nécessaire. Les diagrammes suivants illustrent la méthode.

ails
du
odifier
une
mage

rata
o

pelure,
n à

is

may

phen

State

won

tend

the

the

Prote

period

Nay

of it

cheat

to look

to aim

PROTECTION IN CANADA

A Protectionist policy having been deliberately adopted by Canada, it is natural that the British public should desire to know the reason why. They may be reminded, to begin with, that the movement in question is no mere local phenomenon, peculiar to these provinces, or even to Canada and the United States together, but one that is taking a wide sweep over the civilized world. Not only in America but in Australia too, is to be observed the tendency of democratically governed communities of our own race to go the way of Protection. In spite of Free Trade precept and example on the part of Great Britain "Greater Britain" inclines to take the other road. Protection, but recently ^{supposed to be} dying out, has now visibly entered upon its renaissance period in Continental Europe, witness France, Spain, Germany, Austria, and Russia. Nay, the doctrine of unconditional Free Trade is called in question in the land of its birth, and the Reciprocity "heresy" has its advocates even in Manchester, to the great scandal of the orthodox faith. It will not do, therefore, to look upon Canadians as sinners above all other dwellers on the earth, or to single them out for particular reprobation. Why there should be so

general a revival of Protection at this time, and whether it is destined to be permanent; or, as some think to be a "temporary craze" merely — are questions of much interest now in England, the discussion of which may be said to have just in earnest begun. It is not however the general aspects of the Protectionist movement the world over, but its particular aspects in Canada which it is the object of this paper to present to the British Public.

It is now forty years since Lord Durham wrote his famous Report on the Canadian Rebellion, and on the condition of the British North American Colonies generally. His counsel was that the time had come when Parliamentary government had to be conceded to these provinces, if it were desired to retain them within the Empire. Subjects of the Crown in Canada should have the same political rights enjoyed by their fellow subjects in England, Ireland, and Scotland, otherwise the country would not be worth the cost of holding it. In a word "Responsible Government and the Voluntary Principle" — to quote ~~from~~ the motto of the old *Toronto Examiner* the leading Reform journal in the days when the reconstruction that followed the rebellion was proceeding — had to be conceded and the result was that William³ Lyon Mackenzie ignominiously defeated in the field triumphed at last in the councils of the Empire. Many cogent and weighty reasons why this must

be, were given in the report, but one of them appears specially worth recalling at this time. It was pointed out that the spectacle of political liberty and material prosperity on the American side of the border, with a very limited enjoyment of these blessings on the Canadian side, must inevitably keep the Colonies - the Upper Province particularly - in a state of discontent, deep seated, and enduring, and not to be cured by any half measures or merely palliative remedies. The old system could not possibly be perpetuated in Canada, alongside of Republicanism, universal suffrage, and religious ^{equality} ~~equality~~ in the neighboring states. Without using these precise words, Lord Durham laid down, in effect, the dictum that the proximity of the Great Republic was a controlling reason why a radical change of system had to be made in Canada.

The political necessity of that time is paralleled by the commercial necessity of today. Then the spectacle of large political privileges enjoyed by Americans but denied to British Subjects was deemed a dangerous one for Canada; of late the danger has not been less real from the spectacle of valuable commercial privileges enjoyed by our neighbors but denied to ourselves. As the vote of last September showed, ~~that~~ it was no longer safe to continue this source

of imitation, and to tempt the forbearance of the Canadian people with the blistering application of one sided Free Trade. We were allowing American breadstuffs, coal, and other raw products to enter our markets free, while on manufactured goods generally we collected 17½ per cent, frequently by undervaluation or other tricks of trade reduced to 10 per cent or less. On the other hand 20 per cent was levied on all our raw produce entering the American markets, while our manufactured articles were wholly excluded by duties ranging from 35 to 60 or 70 per cent. For thirteen years had this glaring injustice been allowed to continue, under peculiarly aggravating circumstances. In 1865 we were given notice of the termination of the Reciprocity Treaty, and in March 1866 its operation ceased. That very year the Parliament of Old Canada (consisting of the provinces of Quebec and Ontario only) reduced our duties of 20 per cent on manufactured articles generally, with 25 per cent on some; to 15 per cent, while American farm produce, coal, salt &c were allowed to come in free the same as before, when the Treaty was in force. This was done under the belief that so magnanimous an example on our side, would ere long draw forth corresponding liberality on the other. But the hope proved a vain one, and we found

our neighbors as little disposed to commercial conciliation in 1878 as they were in 1865, when they gave us notice to quit. The writer desires to repeat here a part of what he said in a recent letter to the *London Times* (April 18):

"Near the close of 1876 some Australian gentlemen who had been representing that continent at the Philadelphia Exhibition visited Canada. In conversation here they avowed themselves Free Traders in principle, but they added that the circumstances of Canada were so peculiar, that how she could carry out that system did not clearly appear. In the Australian Colonies, only relations between themselves and the Mother Country affected the trade question: but Canada with her population of 4,000,000 was subject to the vast disturbing influence due to the existence, along 3000 miles of frontier, of 45,000,000 of the most energetic and enterprising people on earth, quick to take every advantage that protection on their own side, and free trade on ours, could give them. In brief, our Australian visitors candidly admitted that the position of Canada, lying alongside a great nation of 45,000,000 of determined protectionists, was something peculiar, and absolutely without a parallel in the wide world."

But there were reasons why the injustice above described was far harder to bear in recent years than before the ^{great} panic, which came in the autumn of 1873, In 1858 a policy of

incidental protection had been adopted by Old Canada, which was improved upon in 1859, and under its warming, vivifying influences manufacturers grew and prospered. When Confederation came up the people of Ontario and Quebec were called upon to make sacrifices, partly to meet the views of the people of the Maritime Provinces, but still more, it is believed, in obedience to pressure from England, political, financial, and social, brought to bear upon our public men, in favor of Free Trade, or the nearest possible approach to it. Our legislation of 1866, avowedly designed to facilitate confederation, opened our markets to American Manufacturers, but at the time we scarcely felt the change. The American civil war was attended with such enormous use and waste of commodities, and such an inflation of prices, in actual gold value as well as ⁱⁿ currency, that the United States became the best country to sell in, and the worst country to buy in on the habitable globe. It closed with the brief conference between Grant and Lee, under the apple tree at ~~Appomattox~~ ^{Appomattox}, in the spring of 1865, but not soon did any real recovery from its disastrous effects on the country's trade begin. The war fever had burnt itself out, but what doctors might call the *sequela* of the disorder remained for years, and indeed have not yet wholly disappeared. Following the excitement and the waste of war there came a period of ~~speculation~~ real estate and commercial speculation,

and a railway building mania, which carried the country's business up into the clouds, and kept it there, for a time. The effect of this was to mask for some years the natural operation of protection on one side of the border, with almost Free Trade on the other, or as may perhaps be more correctly said, to neutralize it. On our statute book were inscribed duties of 15 per cent, on manufactured goods, with raw products in the free list; but, as far as American competition was concerned, war and speculation had given us a protection of 50 per cent and more. In many lines of merchandize it was practically all the same as if our duties had been 100 per cent, there was no competition to speak of from over the border. But "Linden showed another sight" - ~~for~~ other experiences came to us after the memorable day of "Jay Cooke's crash" Sept 18, 1873. Needless to recapitulate here the leading events of American commercial history for the five years following: suffice it to say that during these years the country has been in process of coming down to "hard pan", and of substituting solid bottom for the airy support upon which an audacious flight had too long been maintained. Our nearest neighbor, for many years *hors du combat* as a commercial competitor, is in the field again, with ²aggressive business energy and enterprise not exceeded by any other nation. "The case being altered, alters the

case; and for us the case has been altered with a vengeance. While the American war or its consequences continued, in many important branches of trade; a virtual protection of from 50 to 100 per cent, we prospered wonderfully, and the proper, natural effects of our compulsory backward legislation of 1866 did not appear. But, directly the extraneous Protection conferred upon our producers during these years was withdrawn adversity came upon us. Protection and prosperity were certainly concomitants, to say the least; so likewise were adversity and the absence of protection, as to this there can be no dispute. We, however, go further and think that there was the relation of cause and effect besides. To be sure the Protection, ~~while~~ we enjoyed it, was only in small part to be found in our customs tariff, but all the same did the suspension of American competition put life into almost every department of Canadian industry, and all the same did nearly every interest suffer, when the extraneous but still most efficient Protection arising out of the American War ~~&~~ came to an end.

Most unfortunately for Canada, it happened that a Free Trade Government came into power here in November, 1873, only a few weeks after the outbreak of the great panic in the United States. At the very time when ~~the~~ ~~American~~ protection

to Canadian industry, due to the American war and ^{the} vast commercial disturbance arising out of it, was suddenly withdrawn, we were through political changes left defenceless against the storm. Mr Mackenzie and his colleagues were thoroughly imbued with the Benthamite idea that the best government is that which governs least, and that, to use a current phrase, the sphere and duties of government should be reduced to a minimum, and drawn within the narrowest possible limits. Admitting that in Canada customs duties were indispensable for raising revenue, and that from such duties more or less of incidental protection must result, they still held all such protection a necessary evil, to be endured only until the great cure of Free Trade could be thoroughly applied. They were compelled ^{by} revenue exigencies to raise the duties slightly soon after taking office, and the first Budget Speech of Mr Cartwright, the Finance Minister, announced an increase of the general tariff figures from 15 to 17 1/2 per cent. In the stirring discussions of these few years past it has been claimed for the men lately in power, that they could not fairly be called a Free Trade Government, inasmuch as they had actually given our manufacturers 2 1/2 per cent more protection than was enjoyed from 1866 to 1874 under the rule of Sir John A. MacDonald. But the comparison is an utterly misleading

one, because of the vast difference between the circumstances of the two periods. From May 1874 onward there was not in 17½ per cent, nor would there have been in 35 per cent - had that been imposed - as much actual Protection as there was in 15 per cent from 1866 to 1873 inclusive. During the earlier period American competition was virtually non est, there was scarcely enough of it to make us aware of its existence, while the flourishing condition of the British export trade had drawn off no small weight of British competition that would otherwise have fallen on our manufacturers. Great was the change, however, witnessed, during the later period, when the failure of European and other markets sent British prices tumbling down, and when our American neighbors, but recently the most profuse and extravagant buyers in the world, suddenly stopped all that, and became a nation of pushing and eager sellers instead. A vast commercial revolution had burst upon the world, while Canadian affairs were in the hands of men who saw nothing worse than a slight temporary disturbance, that must soon blow over. It is but a weak contention to say, as has been urged on their behalf, that they did not lower the tariff, but actually increased it by 2½ per cent. As well might the captain of a ship passing

out of the prosperous trade wind into the teeth of a tropical hurricane say that he was keeping his sails set and steering his course just as before; the seamanship in ~~the~~ one case would be about on a par with the statesmanship in the other. There was more Protection to Canadian Manufactures in 15 per cent before the panic, than there would have been in 30 per cent after it; The storm struck the ship just when she had been taken in charge by a new captain and pilot, who thought that to steer her out of the storm's path was no business of theirs at all. They believed - to vary the similitude - and to use Mr Cartwright's own expression "that they were mere flies on the wheel" and that they could do nothing to help the Country out of its trouble. When Mr Cartwright was preparing his first budget, that of 1874, it was strongly represented to him that sugar refining in Canada was on the eve of being extinguished, by American bounties on export just as in Great Britain the same industry has been more than half ruined by a similar policy on the part of France; and he at first talked of doing something, but at the last moment drew back and announced he could do nothing. In the spring of 1875 he lowered by 25 cts per 100 lbs the duties on certain grades of sugar imported for

refining purposes, but the concession was too trifling and came too late, and shortly afterwards the only refinery then in operation in the Dominion, was closed. With regard to the tea trade the late government were not content with merely letting it alone; they did positive mischief. In 1872 tea and coffee had been made free by the American Congress, with the revival however of an old Protectionist proviso, designed to encourage direct importation. It was enacted that a discriminating duty of 10 per cent should be levied on all tea imported from countries west of the Cape of Good Hope, which in effect stopped importation from all other countries except China and Japan, the places of growth. Sir Francis Hincks, who was then Finance Minister in Canada, promptly put tea and coffee on the free list, a measure which was absolutely necessary to prevent the extensive smuggling trade which would have arisen had not this precaution been taken. There was a good illustration here of the inevitable interdependence of commercial legislation in the two countries. and another may be found in the excise duties on tobacco and spirits, which may not be without serious danger, both to the revenue and to public morality, be made very much higher on either side of the border than they are on the other.

But Sir Francis did more than this, being determined to meet American legislation regarding tea and coffee at every point. He obtained an act authorizing the imposition by order in council of duties on imports of tea and coffee from any country discriminating against Canada the duties here to be equal to the duties there. This was a wise defensive measure, contrived for the safety of our own direct tea trade, but not long was it allowed to stand after the Mackenzie Government came in. The defence was ~~quite~~ ^{quickly} thrown down, despite the most pressing remonstrances from Canadian Merchants, and soon our direct tea trade disappeared having been transferred to New York. People here did not obtain their tea a cent the cheaper in consequence; what happened was simply the transfer of the profits of direct importations, and of so much employment, before enjoyed by our railways, shippers and warehousemen; from Canada to the United States. Our annual import of sugar from places of growth, which averaged forty six million pounds for the four years ending June 30th, 1874, fell to twenty five million pounds for the four years following. The exact figures for 1877 & 78 being only 7,881,668 lbs, against 45,405,353 lbs in 1873-4. Meanwhile the annual import from the United States had risen from about

Twenty seven million pounds, the average for the earlier ^{period} of four years to an average of forty one millions pounds for the later period; the imports in 1877-78 having been from Great Britain 51,187,301 lbs from the United States 50,394,946 lbs; and from places of growth only 7,881,668 lbs, as above mentioned. This gratuitous giving away of our direct tea trade, and of our West India sugar trade to the Americans, made a deep impression in commercial circles, and in fact on the public mind generally and was potent among the earlier causes of the reaction which culminated in the popular vote of September last.

The following figures, which have already been published in the *Times*, show further that it is not England but the United States, that has of late years profited most through the failure of Canada to protect her own interests. They give the value in dollars of cotton goods imported into Canada during the five years past:-

	FROM GREAT BRITAIN	FROM UNITED STATES	FROM OTHER COUNTRIES	TOTAL
1873-4	\$10,295,784	933,205	10,878	11,229,875
1874-5	8,668,464	1,373,824	23,291	10,065,575
1875-6	5,326,608	2,174,169	11,616	7,512,395
1876-7	4,600,193	3,120,009	13,501	7,733,703
1877-8	4,745,252	2,318,658	14,892	7,278,505

For the five years period next preceeding the above the imports

from Great Britain of Cotton goods were 93.50 per cent of the whole, and those from the United States 5.33 per cent, those from other countries counting 1.17 per cent.

Then take imports of hardware and manufactures of iron and steel, :—

	GREAT BRITAIN.	UNITED STATES.	OTHER COUNTRIES.	TOTAL.
1872-3	\$2.416.634	\$2.208.106	\$67.618	\$4.692.559
1873-4	2.487.454	2.827.273	53.173	5.367.906
1874-5	2.265.621.	2.947.090	46.300	5.259.011
1875-6	1.196.539	2.392.092	36.945	3.625.576
1876-7	942.265	2.367.970.	20.349.	3.330.584
1877-8	845.092.	2.474.319.	24.272.	3.343.683.

These returns are for only two branches of trade cotton and iron— but they will suffice people in England to know the importance of these branches, and how their condition indicates that of many others as well. In woolsens however England has still retained our custom and imports from the states are comparatively small.

It is an old saying* that "two of a Trade can never agree" and the nearer alike any two competitors are; in the description of merchandise which they have to sell the fiercer is the competition between them. Whatever the political differences between the Dominion and the neighboring republic may be, natural circumstances, ~~and the~~

TOTAL
7.875
5.575
2.395
0.705
8.505.
imports

and the industrial conditions arising out of them, are in these Provinces, very much as they are in the States on or near to our border. In agricultural production both are very much alike, and in manufacturing both peoples tend to follow the same lines, and to run in the same grooves. In politics and in many details of life and manners Canadians perpetuate old Country resemblances, but we make cotton cloth as they do in the States, and not as they do in England, even though the work is done on English Looms. Our affection for the old flag is unbounded, but our splendid St Lawrence steamers, which run between Quebec and Montreal, are models of the floating palaces of the Hudson river, and very different from the craft to be seen on the Mersey or the Thames. With almost superstitious reverence we apply English precedents in the administration of laws which ourselves have made, but when it comes to driving shoe pegs by machinery, we copy Massachusetts. Our hoes, hay forks, reaping machines, and threshing machines are all of American patterns, in many cases, let it be added, with important Canadian improvements. Not even by penal

statute could the use of the clumsy implements with which "Hodge" performs his weary toil in England be enforced upon our farmers and ~~the~~ ^{their} hired men. So nearly upon the same lines do the methods of work and manufacture run on both sides of the border, that almost every new industry started in Canada is simply a copy of what has before been started in the States. Take for example the sewing machine manufacture. Originating in the States, it was quickly copied here, and now we make a large export of sewing machines to countries older than our own. It might have been thought beforehand that this particular manufacture would have been ~~more~~ ^{more} quickly taken up in some of the chief seats of British machine making industry than in Montreal, or in Hamilton, at the head of Lake Ontario, but so did not the event turn out. A striking instance this of the strong tendency which prevails amongst us to make our industrial advances in the very steps first taken by our American neighbors. In the domain of morals and of politics, we are largely under Old Country influences, but by a strong pressure of material circumstances it is decided that in our industrial progress we must move upon American rather than European lines. Canadian industries are in a general way like those of the United States, and

unlike those of England; this is an important truth, failing to grasp which we must fail to understand properly the commercial relations of the three countries. From this it follows that our competition must be more with the United States than with England, competition being always between "two of a trade" England, being of all countries the farthest advanced in manufactures, is engaged in numerous branches which we have not yet touched, and may not touch for a time too long to call for present forecast.

In almost every step that we advance we find ourselves treading on the heels of our nearest neighbors, while our fellow subjects in the three Kingdoms are farther removed from us, in manufacturing position as well as geographical distance. There are exceptions to this general rule; in the woollen manufacture, for example, it is unquestionably true that our competition is mainly with the Mother Country, and only in a small degree with the United States. So, likewise in most heavy iron manufactures, it is more English than American makes that would be displaced by our own, though even in this branch every year has of late been showing English losses and American gains of our custom. In the lighter iron manufactures, including shelf hardware, and

in all machinery except that for spinning and weaving, English makes are rapidly being displaced by American, while in many important articles the displacement is already complete, the latter having driven the former clean out of the field. In very many branches of manufacture England is even now out of the fight altogether—the spectator merely of a contest which has to be fought out between ourselves and our nearest neighbors. We know, much better than people in England do, what kind of a race it is ^{that} we have to run with our American competitors, and the new policy expresses our determination to have something like fair play for ourselves in the struggle.

Not is the case more than half stated when we have spoken ^{merely} of the actual existing likeness of production in Canada to production in the Border States, and of the consequent example of close competition between "two of a trade" which is now to be observed. What we see now is but the small beginning of much more of the same kind which is yet to be. Not only will the new tariff bring about the substitution of Canadian for American manufactures in many lines upon which we have already ^{entered} it will also cause us to enter on many new lines, as yet untried or only very insufficiently

tried in these Provinces. It will to a certainty develop more and more direct competition with the United States, to an extent as yet only to be guessed at, but beyond doubt destined to attain large proportions. Industries by the score, new to Canada, will be transferred from the other side to this, now that it has become safe to make the transfer. Where formerly we competed with our neighbors in a dozen or two branches of manufactures, we shall soon be competing with them in scores of branches, new to Canada. It is as certain as anything of the kind can be, that three fourths and more of the new lines we take up will be and must be such as affect our purchases from the States rather than our purchases from England. As already indicated, similarity of material conditions operates uncensurably, like the law of gravitation or other potent natural force, drawing our steps into precisely those manufacturing tracks upon which our nearest neighbors are moving. When we want broad cloth or dress goods we know that they must be obtained from England or Europe, and we do not expect soon to spin sewing thread like that of Paisley. But when we see in our warehouses heavy cotton goods bearing the familiar American,

names of "Lowell" and "Amoskeag", discontent and ambition ^{within us,} are stirred, and we wish to know why Canadian goods bearing the names of "Hochelaga" or "Cornwall" should not take their place. Seeing that our envelope and stationery trade has of late years been in rapid course of transfer from England to the United States, we ask why, if a transfer must be made, it should not be to ourselves rather than to the Americans. Upon any particular manufacture keeping its *locus standi* on the other side of the Atlantic we may look, across the respectful distance intervening, with some degree of composure. But let the fact come before our eyes that this or the other article, heretofore obtainable from Europe only, is now being made in New York or Massachusetts, and immediately we begin to enquire why it should not be made in Canada as well. Soon as any new manufacture establishes ^{itself} in America, the illusion of unattainability which surrounded it while confined to the Old World is gone, ~~forms~~ ^{have done}, and we think that what people ~~have~~ ^{have done} just over the way, we, too, might do if we tried.

Strange as it may appear to people in England to hear of it, the Americans themselves will certainly play an important part in the transferring of industries from their own country to Canada, under the new tariff. Even now, many

of our master manufacturers are Americans, by birth or descent, but soon there will be large additions to their numbers. Men with a turn for initiating and conducting manufacturing enterprises abound over the border, and they have a keen sight for the many fresh openings which will be created on this side. To the American nation there must be a loss of Canadian custom, but ~~many~~ individual Americans will gain by seizing the new chances turning up in Canada. Already they swarm in the Old Provinces, seeking for favorable sites and openings; and already is the remark made that our own people had better hurry up, if they would not see the best chances pounced upon by wide awake "live Yankées". This disposition of American business men to utilize the new Canadian policy for individual enterprise, is a circumstance to be noted, and it has an important bearing upon the attitude of the American people generally toward Protection in Canada. While some people here, because they know no better, and others for political effect only, are picturing "Brother Jonathan" as resenting what we have done as a challenge to "a war of tariffs", the Americans themselves are more inclined to compliment us upon

having come to our senses at last, while not a few of them are ready to take a hand personally, and try their individual fortunes under the new system in the Dominion. Already they are showing themselves disposed to accept the situation, and to make the best of what they feel had to come some day, and would not possibly have much longer been delayed.

English manufacturers make a great mistake when they fancy that through Canadian Protection they are losing custom which otherwise they would have retained. In most lines the alternative of manufacture in Canada is, not importation from England, but importation from the United States. Had Manchester men the power to put a veto on our new tariff it would be for them but a barren victory. The closing of Canadian Cotton Mills would be a gain to Massachusetts, but only in a comparatively trifling degree to England. Conversely, when under the new tariff our cotton spinning machinery is in the way of being doubled, it is more upon New England than upon Old England that the loss of our custom will fall. As trade has been shifting of late years, we are now merely taking to ourselves what would otherwise have gone to the States, and that very shortly. If the English people want to get the right view of Canadian custom, in all those

branches of trade, which the Americans have been taking from them of late years, they should look upon it as on a farm lease nearly run out, and worth only a brief time's purchase. No renewal of the lease in England's favor is possible, to the Americans it must go, if it does not revert to ourselves. Do not get angry if you hear shortly of certain kinds of bar iron being made in Canada. our custom for such iron was already given to Pennsylvania anyway, or was on the point of going thither, and you would have held it only a very little longer, had we not resolved to take it for ourselves. The proximity of the great, energetic, American nation, touching us along a frontier of three thousand miles, is a controlling circumstance to determine what our commercial policy must be at this time, just as Lord Durham saw that it had to be taken into account in determining the political policy for British North America forty years ago.

The London Economist has stated with much force two different grounds upon which high import duties - some of which must have the effect of protection - may be defended in Australia. First, owing to the existence of a small population, scattered over a vast extent of territory, high wages for labor, and other conditions very different from those prevailing in the mother country,

low duties lead to no sufficient increase of consumption To keep up the revenue, while high duties do not perceptibly decrease it. That "elasticity of the revenue" under the lowering or abolition of duties upon which English Chancellors of the Exchequer have so often congratulated the country is not to be found in Australia. Next, the people of the fifth continent, though few in numbers as yet, are ambitious. They are not willing to remain all shepherds and agriculturists, but desire variety of employment in workshops and factories as well as ⁱⁿ the bush. The Economist holds that the people of Victoria may reasonably be willing to pay ^{for} the luxury of having in the colony a great city like Melbourne, if Protection means that for such a luxury they must pay or do without. Now The revenue argument applies here as well as in Australia: without a large income from customs money cannot be had to pay the cost, or even the interest upon cost only, of our public works, finished and projected. Already we have reached the limits to which excise duties may be raised with safety, and income tax, though a small source of municipal revenue, is not to be thought of as a governmental impost in Canada. Further, we for our part are abundantly willing to pay, if pay we must - for the ownership of such cities as Halifax.

St John, Quebec, Montreal, Toronto, and Hamilton. The "Economist" in stating the case for Victoria has stated it for Canada too, 'We honor the farmer's calling, and we take pride in our hardy lumbermen, whose axes ring in the forests, also in our brave fishermen of the sea coasts, who may yet some day help to win British victories under a future Nelson. But we do not want to be all farmers, and lumbermen, and fishermen; we want what we consider a healthy variety of occupations in the country. Without Protection such variety of occupation cannot be secured and if you say that Protection must be paid for, then we reply that we are perfectly willing to pay for it.'

So far Australia and Canada go together, but in our case there are political considerations of vast importance to be dealt with, which in the case of Australia do not apply at all. There are, as we hold, considerations of such imperial magnitude and bearing as might cause the staunchest English Free Trader, could he but be persuaded to look at them and weigh them well, to concede that even Protection ^{may} ~~will~~ have its patriotic uses. Throw social and commercial reasons to the winds we would in this case of ours still hold the political reason, ^{which} standing by itself all alone, amply sufficient to vindicate the

of a National Policy for Canada. Failing such a policy we are threatened with commercial annexation to the United States, with political annexation to follow. Never was there a greater mistake than to believe, as has been maintained, that the new tariff will have the effect of "unsoldering Confederation" and of arraying hostile Provincial interests against each other, its main object is to substitute trade between the Provinces themselves, for trade between them and the United States, and we feel quite sure that this object will be attained. The new tariff is Canada's declaration of independence, but it means - independence of the United States - and it will strengthen instead of weaken ^{the} our political alliance with the old land, as well as the coherence of the Provinces as a Dominion. We feel it strongly, and we are striving to get it stated clearly, that only by the assertion of a National Policy for Canada can the separate existence of a British Dominion in North America be secured and continued.

The American Government was undoubtedly influenced more by political than commercial reasons in denouncing the old Reciprocity Treaty. The thing was done, not so much because the free interchange of the products of the farm

the forest, the sea, and the mine, to which ^{only} the old treaty extended; was unprofitable to the United States, as because the Alabama was built in a British port and sailed thence for the destruction of American commerce. It would be a mistake, however, to suppose that commercial reasons were lacking, in the estimation of our neighbors. The late Mr. Israel T. Hatch, of Buffalo, was appointed to examine and report on the working of the Treaty, and he laid it down very emphatically that the only kind of Reciprocity the American people could accept ~~was~~ consisted of the exchange of their manufactured goods for Canadian raw products - grain, lumber, fish &c. In this view the free interchange of raw products only was no Reciprocity at all, in the American sense; the Canadian market for the sale therein of manufactured goods was what was wanted, and only for the sake of this would they consent to any arrangement whatever. This was then and still is the American idea of Reciprocity with Canada; it lies at the bottom of all that our neighbors think or say on the subject, and whoever fails to grasp this important fact fails to understand what they are driving at. Now this American idea of Reciprocity is utterly rejected by the people of Canada, to say that it is resented by them would not be too strong an

expression, and it positively makes them angry to see it accepted so thoroughly in England, as well as in the United States. In the *Princeton Review* for May, 1879, is an article by Mr Arthur Arnold, in which the English writer says what he can to recommend Free Trade to the people of the United States — rather an ^{un}hopeful audience, let it be remarked, for the reception of the doctrine. Incidentally glancing at the Dominion he says ; — "If I held power in the United States, I would make the Canadians ache for continental union — not perhaps necessarily under one government. I would call upon them to invade my country bringing with them their wool and their barley, their cattle, their produce of all sorts, and carrying back the goods of the United States". We who are on the spot understand full well what this means — commercial annexation first, with political annexation inevitably to follow. But we may ask the gentlemen of the Yorkshire Chambers of Commerce, who recently sent their complaint of our new tariff to Downing St, what they would profit were Canadian home manufactures to be sacrificed for the sake of the "continental union" above shadowed forth; and whether in their opinion British Connection would ^{thereby} be promoted? ~~bringing~~ ^{"carrying"} back the goods of the United States" — this is Mr Arnold's ~~idea~~ idea of Reciprocity for Canada, now,

just as it was Mr Haich's idea fourteen years ago. No particular fault is to be found with Mr Arnold, his is merely one of the latest and most prominent expressions of the view taken ^{by nearly} all Englishmen who have had anything to say on the subject. But we think we have a right to be angry when we see the American idea of Reciprocity so thoroughly accepted and the Canadian idea so thoroughly ignored, in nearly every expression of English opinion on the subject. ^{By} persistently misunderstanding the Canadian Position English leaders of opinion are casting the weight of their authority in favor of the United States and against Canada. We respectfully invite them to reconsider the matter, and to get their eyes unseated so as to gain sight of the important truth that upon Canadian Protection depends the retention of these provinces as a British Dominion in North America. Mr Arnold is too timorous, and carries qualifications of his words to needless nicety, when he speaks of "Continental Union" ^{perhaps} not necessarily under one government. We who know best how the land lies look upon this as superfluous caution: we jump the interval, and say, "under one government," at once, feeling certain that to this complexion it would come at last, were the Anglo-American idea of Reciprocity to be adopted by Canada. Mr Arnold's words, hesitating as they are, are still most significant, and should help the English public to understand

that Canadian National Policy is in reality the main stay and safeguard of British Connection. Every additional and stronger assertion of Canadian nationality, every fresher and firmer grip that the idea of it takes on the Canadian People, is another rivet clénched to hold the Dominion to British connection and apart from the American Union. The more "national" we become in our feelings and aspirations, the better is our ~~separate~~ existence as a Dominion secured. The old securities of British connection for these Provinces were good enough in their day, but they do not fully meet new exigencies, and therefore it is that the new security of a National Policy for Canada is required. Protection means the development of interprovincial trade, and the cohesion of the Provinces together; the Free Trade that Mr Arnold contemplates, ⁱⁿ the contrary, means really and truly the "unsoldering of Confederation" and the strangling of our life as a Dominion in a network of American connections. We reject the counsel to put our neck in a noose, and to commit national suicide; we prefer to live, if we can. And it would greatly encourage us to see our efforts for commercial independence - which is the only sure guarantee of our ~~separate~~ political existence - patriotically appreciated in England instead of being misunderstood and condemned. Nor are we without hope that the new policy will in due time tell its own tale, and prove by results that the commercial revolution of this year is destined to bar forever a political

revolution already looming up, and to perpetuate the existence of a British Dominion in North America. But, it may be asked, if the Anglo American idea of Reciprocity be ~~that~~ ^{thus} condemned, what is the Canadian idea of the same thing? The answer to this can be very briefly given. Section 6 of the New Tariff act - Customs and Excise Act, 1879 - provides for the free admission from the United States of all farm produce, flour, meal, coal, salt and lumber, to be enacted by Order in Council, whenever the American Market is made free to merchandise of a similar character, from Canada. If the articles named be not made wholly free by the United States, the Canadian duties may be reduced to correspond with the reduced American duties. There is the Canadian idea of Reciprocity, it means ^{simply} ~~the~~ the renewal of the thing as we had it before, the revival of something that both peoples understand, having had twelve years trial of it. By confining the list to natural products, the interests of the mother country are not touched, ~~except very slightly in the articles of coal and salt, and thus~~ ^{the} complications arising out of colonial relations are ^{wholly} avoided. No assembling of Plenipotentiaries or High Commissioners at Washington, and treaty negotiations in diplomatic form are necessary; a short and simple Act of Congress, of about a dozen lines,

will suffice. We think this a very fair and friendly offer on our part, we keep the offer standing, and it lies with our neighbors to accept it, if ever they feel in the humor, or to leave it alone, if that suits them better. Having done our share and taken up an attitude of friendly invitation we can with great composure await results.

We ask people in England to listen to a word of reason touching the bugbear of an apprehended loss of Canadian custom. Fear not that we shall buy too little from you, if commercial experience is worth anything the danger lies in our buying too much. It is surely England's interest that we should be able to pay our debts, both public and private. But if we buy beyond our means we must have failures, and requests for long extensions, and our English creditors must suffer loss. For many years back there has been scarcely a bank meeting, or a board of trade meeting at which the giant evil of over importation has not been deprecated as the bottom cause of commercial distress. Candidly speaking, if high duties merely checked extravagant importation, without putting in motion a wheel or a shuttle in all Canada, it might be held that even what Free Traders call an ill wind had blown us some good. Temptations to extravagance are so great that even compulsory economy may be counted beneficial. But, give protection

full swing, and let us make at home all such goods, as we can make, there will still be articles innumerable that we must continue to buy from England just as before. The change will after all be, not so much in the amount of our purchases, as in the articles purchased. If we cease buying shoddy blankets and fabrics weighted with starch and clay, we shall be all the better customers for genuine broadcloth and the infinite variety of "dress goods." The man is an utter visionary and ignorant of business who supposes that we ~~shall~~ ^{shall} not, with all our Protection buy every year from the mother country about as large a bill of goods, of one kind and another, as we can comfortably pay for. On this point we feel sure and certain, let those who doubt wait a little and see what time will tell. We hold further that Canada prosperous, with full employment for her people, will be a far better customer to England, because more of a cash paying customer, than Canada in stagnation, with workshops closed, and workmen walking the streets. One thing we must insist upon, we must ask our English critics to quit themselves of the mistaken notion that manufacturing here means a withdrawal of capital and labor from the soil. If by some magic all Manchester and Birmingham to boot, were suddenly set down in Canada, there would not be any the less produce of wheat and timber in consequence, but on the contrary a great stimulus would be given to

both farming and lumbering. Protection does not mean that we abandon the raising of corn, in order to go spinning and weaving, but simply that we add so much spinning and weaving to our year's work, going on with corn raising just as formerly. What happens is not the substitution of one thing for another, but the addition of something new to our still undiminished holding of what we had before.

It has long been a cherished dream in England, that of the mother country as the crowded workshop, and the colonies as non-manufacturing "plantations", the vast outlying farms of the Empire. In the minds of some people the "old" plantation idea still remains - in a measure - and they seem to feel what ~~they~~ in words ^{they} scarcely dare confess to - a regret that British constitutional government was ever conceded to a colony at all. But, is this after all the true Imperial idea, and does it really embody the best and surest promise for the future? Or, to put the case very mildly, is there not at least a danger of the ideal mentioned being carried the length of exaggeration and monstrosity - beyond a healthy balance for the whole body. May we not fall back on a medical analogy, and argue that the body will have all the better health through promoting circulation at the extremities, thereby obviating congestion near the heart?

May not Gibbon's story of the great Decline and Fall convey this lesson to England, that she had better avoid that over pressure of political and commercial ^{and concentration,} congestion, which was undoubtedly the cause of the catastrophe of ancient Rome! These are not idle questions, they may worthily engage the attention of statesmen. But whatever answers may be given to them, we may surely deem it a safe commonsense conclusion, that Canada prosperous, progressing in manufactures and independent commerce of her own, as well as in ^{is worth more to the Empire.} agriculture, than Canada without manufactures and in a state of commercial dependence on a foreign country, which happens to be our very near neighbor, Canadians refuse to believe that the progress of the Dominion can be a loss to the Empire, and hold that the National Policy now inaugurated here is by all odds the strongest material guarantee yet given for the duration of Imperial connection.

John Maclean.

Ottawa, Canada, May, 1879.

convey this

ever pressure

undoubtedly

are not

of statesmen

entirely

prosperous

of her

manufactures

country

adians

can be

Policy

est ma-

perial

