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TRADE AFTER THE WAR

A Resume of Trade conditions in
FRANCE, ITALY and GREAT
BRITAIN before 1915, with
suggestions as to expansion of
Canada's Trade after the War.

By W. FRANK HATHEWAY.

Member of Trade Commission, that visited above Countries in 1916.

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PREFACE

After my illness during the winter of 1914-15, and on my return in April, 1915, from the West Indies, I wrote a series of letters to the press in a desire to show how the German Kaiser had, ever since early youth, looked on Britain as an enemy. The influence of Nietzsche, Treitschke, and other Germans was shown. The Kaiser's early love for the workingman and his later hatred of Labor Unions were detailed. His sister's marriage in Greece, his visits to Turkey, his attempt on Morocco; all these were steps by which he hoped to dominate the world. I apprehended then the danger of his military ambition, but not until I visited Europe in 1916 did I fully realize the extent of German success in the commercial field. The object of this pamphlet is to show Canadians how Germany's trade policy has seized and held trade everywhere and how Canada can increase her trade after the war. Germany's method of giving rebates and subsidies, of bonuses to ship-builders and to banks; her system of education and her carefully devised tariffs; these have enabled her merchants to succeed in almost every undertaking.

All of this, in a degree, comes to an end through this war. In the peace proposals that will come before 1920, Britain, France, Italy, United States and the other Allies will have their own special views. Germany and her Allies will make their demands. Many writers on trade questions and also many public men in this country have expressed the opinion that Canada should not detail any policy for the British Empire; that she should wait until Britain first makes her statement of policy. This, I think, is a wrong position for Canada to take. We are a definite and strong portion of the Empire. We should not hold back our views and ask Britain to speak first. Hundreds of thinking business men in Britain want to know Canada's hopes and wishes. They, and thousands more, are looking to Canada and Australia for a policy that will bind us firmly. This continual deferring to Britain and what she may think, does not conduce to a high Canadian development. Let Canadians stand on their own feet and declare their Empire policy. If our views are the best, then Britain's forty millions will fall in with our eight millions. If our policy is provincial or unfair then it will go to shreds.

In August, 1914, the London and Manchester men rubbed their eyes open. By 1916 they were wide awake and admitted errors in the Free Import theory. Their dismantled sugar refineries in Glasgow and Bristol were standing witnesses to the Bismarck policy, and the huge German liners competing in all oceans testified to the wisdom of Government aid to steamship lines.

In 1890 it may not have been wise to project Canada's ideas of an Empire policy. In 1918 it is only common sense for Canada to indicate her ideas of such a policy.

Germany even now is aiming to obtain the best peace conditions so as to secure future trade. France and Britain, also, are moving to lay deep foundations for trade after the war. What is Canada's new Government going to do?

Canada has a good chance for an enormous future trade, and this pamphlet shows how it may be attained.

The first duty of the Union Government and the new Parliament, meeting next month at Ottawa, is to provide all possible in men and money towards winning the war. The devastation in Poland, the ruined homes of Serbia, and the awful tragedies in Belgium and northern France, speak with mighty voices against the Teuton and the Turk. Australians, on the other side of the world, join with Canadians in aid to the European Allies to defeat German Autocracy and Prussian Militarism. This is our main and paramount duty.

There will be, however, before 1920 several far reaching National questions to consider:

First.—THE NATIONALIZATION OF RAILWAYS. Already both political parties have agreed to take over the Canada Northern Railroad. Within two years we will have to decide about the G. T. P., whether or not to make it also a state-owned railroad.

Second.—HOW TO REBUILD THE MERCHANT MARINE OF CANADA BY SUBSIDIES OR OTHERWISE.

Third.—PROVIDING FOR RETURNED SOLDIERS.

Fourth.—IMMIGRATION AND THE SETTLEMENT OF LANDS.

Fifth.—TAXATION FOR PAYMENT OF PENSIONS AND OTHER WAR DEBTS. This has to be decided now. I am glad to see that the new Government imposes a heavy income tax on packing houses. Profit up to seven per cent on capital is allowed them. All profit over seven per cent and up to fifteen per cent, they pay one-half to the Government. All over fifteen per cent belongs to the Government. But why confine it to packing

houses? Why should not all contribute in the same way? The lumber-merchant, the ship-owner, the wholesaler, all who make the excess over seven per cent? The young men on salary, the laborer on wages, offer their lives; then let those who do not enlist give largely of their surplus income.

If the man who has \$2,000 income pays two per cent, equal \$40; the \$4,000 income could afford to pay \$240, and the \$8,000 income should pay not less than \$1,240.

The Government income tax is an effort to prevent men making hundreds of thousands when ninety per cent of the people are only just "getting along." I am glad to know that Dr. Clark and Hon. Mr. Carvell are in favor of making large incomes pay a very large share to the Government.

Sixth.—CANADA'S PLACE IN THE EMPIRE AFTER THE WAR.

In this last is found the question of Reciprocal Tariffs, Preference to Britain and Allies. South Africa thought this so important that her Congress passed in 1916 the resolution as per page 22

The United Kingdom Congress took a similar view in June, 1916. As yet, Canadian merchants have not, through any United Congress here, expressed their view on Canada's trade policy after the war.

Page 16 shows how even Switzerland hemmed in by war, France and Italy devastated on the north, and Britain making superhuman efforts in her army, are also at this very time considering ways and means for the trade of 1919-20.

When peace proposals are discussed Canadian statesmen will be present as part of the Empire. Will that final settlement leave to Germany the open sea with her secret ship-subsidies? Will it give Germany open ports in the British Empire with her Kartel system cutting slices into British West Indian trade as in 1890 to 1910? Canada's statesmen should have much to say about that.

This country has shaken off her provincial fetters. She is no longer a colony. Canada stands before the world—a nation. On those memorable days when Parliament decided unanimously to supply men and money in this world war, then Canada sprang into nationhood. A momentous and honorable task will they have, those eminent Canadians who will represent us at the Peace Conference in 1918-19. Canada's future, spiritually, morally, commercially, will be in their hands.

I trust them as leaders to persist so that the chance of future wars will be lessened and so that no one monarch can deliberately violate treaties and inflame a continent.

W. FRANK HATHEWAY.

St. John, N. B., Dec. 20, 1917.

TRADE AFTER THE WAR

ITALY, OUR HEROIC ALLY.

The British Empire and especially Great Britain, owes much to Italy. If that country with her population of nearly 40,000,000, her army of nearly 4,000,000, and her fleet, had held to the German Alliance in 1914, Paris and Marseilles would have been captured two years ago.

I saw last year those alert, strong and thoroughly fit troops of Northern Italy. They are drawn largely from the millions of workers on those fertile lands, and in the many factories which lie between Genoa and Milan. They are robust men. There are over two millions of such in industrial work in Northern Italy. If in 1914 they had poured into France from the south, meeting the Germans from the north and the Austrians from the east, what would have been the result? The French and British armies would have been driven into the western ocean and the British Empire would have been shaken, sundered and probably sunk. Happily for us, the memories of 1848, 1849-59 and 1866, of General Radetzky and Austrian tyranny,—of the fact that Italian towns north of Lake Garda were still ruled by Austrian masters,—these bitter memories so crowded on the Italian mind, that their leaders in 1914 could not aid the Hapsburg and the Hohenzollern to dismantle Belgium and France and thereby destroy Britain.

Great Britain knows and appreciates what Italy has tried to do, but I doubt if Canada begins to realize what we owe to that Latin nation.

Italy has climbed snow-capped heights east of Lake Como and has hauled supplies and munitions up ravines and over mountain sides where snow lay six to ten feet deep. From the top of a mountain near Lake Maggiore I heard last year the awful boom of their cannon attacking Austria east of the Adige River. I mistook the sounds for the rumblings of avalanches in the snow peaks thirty miles away.

Since October the collapse of Russia has permitted Germany and Austria to withdraw hundreds of battalions for service against Italy. This new pressure and the lack of heavy guns and supplies have forced the Italians to retreat to the Piave River where they are making a gallant stand. Their Eastern aims and all of the trade consequent to such, are balked for the present. But Italy will return triumphant. Attila, the Hun, in 451 A. D., with his vast hordes, crossed the Rhine and swept on to the Marne, but there he was utterly defeated by the Romans and Gauls and was forced to retreat. He then poured his troops over the Alps almost to the walls of Rome, but had to return discomfited to his Hungarian plains. So the second Attila, William the Second, in 1917 poured his fresh troops through the Alpine passes, but never to reach Rome, or Venice. Soon, he like the first Hun, will be thrust back never to return again.

Italy's aim is to win back her old province, the Trentino, also land east of the Isonzo River, down to Trieste. Great Britain respects that aim and recognizes its value. Even now Britain by banking and transportation arrangements, is laying the foundation of trade with Italy after the war so that she can get supplies without depending on Austria as she did before 1915. Italy before 1915 bought annually about 1,300,000 tons of woods, of which 1,000,000 tons came from Austria and the Danube.

She imported before the war \$8,000,000 of fish, \$30,000,000 of woods and \$80,000,000 of wheat and flour. In 1913 Italy bought of Canada \$600,000 and sold us about \$1,800,000. She is now our great and forceful ally and expects to trade largely with us if we are ready and willing to trade with her.

WHAT WE CAN BUY AND SELL IN ITALY.

In July, 1916, in the interests of Canada's trade, I visited Genoa, Turin and Milan. The merchants showed great desire to know more of and to deal more with Canada. At that time Britain was beginning to consider future trade with Italy. Sir Albert Stanley, President of the British Board of Trade, said last July, that the object of the British-Italian Commercial Association was to study the economic needs of the two countries and to see that those needs were properly met. He emphasized the need of most complete transport facilities. Lord Robert Cecil said that the Foreign Office would do all possible to smooth the path for enterprise between Italy and Britain. One speaker urged that plans for a first-class sea service between Britain and Monaco be

prepared now. Thus British statesmen and Chambers of Commerce are keenly alive to the need of getting ready now for trade after the war.

Many Italian merchants are interested in Austrian forest areas, where they have obtained practically all their woods since many years. If they are inclined to buy Canada's wheat, lumber and fish what can we buy of them? Italy needs our grain, lumber, fish, ploughs, nickel, asbestos, canned lobsters, salmon, etc. Italy can sell us velvets, silks, hats, marbles, salt, soap, sulphur, olive oil, wines, fruits, macaroni, glycerine, cheese, gloves, beet sugar, wool, rice, cream of tartar. Italy needs an enormous number of small boxes. Why cannot Canada supply them? Ought we not to endeavor now, as Britain is doing, to establish steamship lines to Genoa and Naples? The German and other lines had that trade before 1914. Who will have it after 1917? Our steamship line should be direct to Marseilles, thence Genoa, thence Naples. Steamers should be about twenty-five to twenty-eight feet draft, fitted to carry passengers. Milan has a population of 600,000 and they require soft-dried, pickled cured cod, and haddock—such as is known in St. John as medium cod. In the south they demand hard-cured fish, in the north soft-cured. Buyers in Milan do not know Canadian fish, as most supplies come from Norway and Newfoundland. Genoa, with a population of 300,000 needs our goods and can distribute them on to Turin and Milan. In this Northern Italy where two million workers buy flour, oats, fish, etc., our goods are practically unknown.

Lately, as per the following letter, Canada has established a special agent in Italy:

Milan, August 7th, 1917.

"Dear Sir,—I received this morning the 'Report of the Special Trade Commission to Great Britain, France and Italy,' which I read with interest. It recalls to my mind that cordiality of the relations established during your stay in Italy, cordiality which I hope will be of a permanent character and still increase in course of time.

"Since a few weeks the offices of the Canadian Trade Commissioner for Italy, Mr. Wendell Clarke, have been opened here in Milan, a most laudable initiative of your government which certainly will have excellent results.

"In the meantime we are preparing for the resumption of trade when war will be over. Peace must see the formation of an intense traffic between Canada and Italy.

"In this expectation which can only be realized after the victory of our armies. I beg to thank you for the report you sent me and remain, dear sir, yours faithfully."

All this is helpful. What use, however, are agents or Trade Commissioners unless we have the steamship lines regularly connecting us with the ports mentioned. Such a line could also get from and give trade to Marseilles, that French city of 600,000 people. Over forty steamship lines trade there, but none from Canada. Her railway and canal systems link her with the Rhone and the Italian Riviera. Her factories produce 110,000 tons of soap and 325,000 tons of oil and oil cake. She requires hundreds of cargoes of grain and woods. Marseilles uses millions of soap and other box stuff, but Canada's sale (in 1913) of those goods to these three ports was almost nil.

S. S. LINES TO ITALY.

A steamship line calling at Marseilles would be able to fill up the return cargo that Genoa and Naples could not supply for the first few years. Our Italian friends have risked much in this war with Germany and Austria, for much of Italy's goods came via the Danube and Dardanelles. Italy imported in 1913, wheat from Russia, \$38,000,000; wheat from Roumania, \$13,300,000; wheat from Canada, \$410,000.

The Danube and the Black Sea will not soon be open to supply Italy's needs. Her small wheat area therefore forces Italy to rely on North America in this her hour of trouble.

She imported in 1913:

Agricultural machinery (other than mowers and reapers) from Germany and Austria, \$1,240,000; from Canada, \$2,848.

Cellulose of wood, straw, etc., from Germany and Austria, \$3,245,000; from Canada, \$22,230; from Norway, \$772,600.

Timber (squared or sawn) from Germany and Austria, \$17,560,000; from United States, \$3,363,000; from Canada, \$2,160.

Italy has no coal and depends on Britain for her supply. She has but little wood and has been buying before 1915 fully 80 per cent. of her needs from Austria, her immediate next door neighbor. With the Black Sea barred to Russian wheat and Austrian wood, Italy looks to us. Our reply must be well-ordered arrangements for sea-transport of our surplus grain and wood to Genoa and Naples. True, the distance

from Odessa to Genoa is very short compared with that from Eastern Canada. At present and probably for two or three years we need not fear Danube competition and surely Canada can meet the prices and freight from Norway and Sweden if our government give reasonable aid to S. S. Lines.

We may have peace next year. We must not; we cannot in justice to Italy and ourselves, wait until the peace terms are signed. Nor can we leave the question of sea-carriage to be settled by private competition. The Unionist party now governing Canada must prepare a system of steamship subsidies so as to secure to Italy and Canada those goods which the two countries need. Our Government, by granting liberal subsidies, can also control, to a large degree, the rates of freight, and prevent those shipping combinations so liable to exact high rates.

ITALIAN SACRIFICE.

The vigor of Sunny Italy in this war has created a grateful feeling in Britain which should be reflected in Canada where we have many Italian residents.

Their Bersaglieri, their nimble ski-racers and their mountain artillery have achieved deeds which recall Hannibal and Napoleon. Italy's king, her generals, statesmen, army and people are determined to regain the Trentino where Italian culture and speech prevail. Britain knows that her royal ally cut off a vast trade when she broke with the Central Powers. Italy before the war sold very much more of her products to Austro-Germany than she sold to Great Britain. She also bought fifty per cent. more from Austro-Germany than she bought of Great Britain. These Central Powers were Italy's greatest customers. Whereas Russia and France bought only about \$60,000,000 a little more than half the amount purchased by Austro-Germany.

Would it not, therefore, be well for Canada to formulate even now a tariff policy of give and take that will hold closely to us the present good will of Italy's thirty-eight millions of people? To succeed in getting Italy's trade, we need:—

First: Transportation.

Second: Banking facilities.

Third: Tariff changes.

HOW GERMANY SUCCEEDED.

As to banking facilities in Italy, both Canada and Britain before 1915 were way behind Germany. That country had so well arranged its German banking system in Genoa, Naples and especially in Milan, that many of the great electric power industries were absolutely under German control. In every way Germany assisted her merchants to dominate in Northern Italy.

Since 1890 the "white coal" on the Southern slopes of the Alps was turned into electric power. Consequently, around Milan and north to the Alps dozens of factories gave employment. It is estimated that fully 10,000 Germans were employed in the vicinity of Milan and the Lakes.

Rail freight rates from Germany and Austria to Italy were cut away down to aid the export of German machinery, tools, etc.

One dealer told me last year that the freight from Germany to Italy on agricultural implements was about one-tenth the rate from Italy back to Germany. Their bank agents were most easy in their credits, giving quite long terms. Canada must reckon on extending credits in her Italian trade after the war, otherwise trade will flow again into German channels. Last year a National Bank of New York opened a branch in Genoa. In talking with the agent, I saw at once that he was prepared to meet the credit needs of the Italian merchants.

The Italian business men are sagacious. They are most anxious to co-operate with Canada and Britain. The men who are the head of the "Credito Italiano" are thoughtful and farseeing. The president suggested that Canada send over twenty young Canadian bankmen to take positions in Italian banks; Italy in turn to send twenty young Italians to our banks. This "Credito Italiano" has the backing of the government. Much has been done by it and much is expected.

One of our Canadian banks has assisted in one of these Italian financial companies.

The British government is also contributing \$250,000 a year for ten years to an Anglo-Italian financial company in order to promote trade. Our banks also, if Canada is to compete with the United States and the Central Powers, will need to establish direct relations with the Italian banks, or will need to establish agencies there as New York has done.

Hand in hand with the steamship lines from Canada should go the more complete banking arrangements, so that trade will flow freely between us and our vigorous ally.

TARIFF CHANGES.

George Meredith in "Victoria" shows the splendid valour and courage of the Italians during that period of Austrian domination, from 1840 to 1860. But neither Carlo Alberto, crushed and defeated in 1849, nor Victor Emmanuel, victorious in 1859, nor the great Cavour, laying the cornerstone of Italy's future cohesion, not one of these three ever thought that kingly Italy would join Republican France against the Austro-German empires. The men of Italy whom Dante taught and whom Medician princes flattered, have, with an enthusiasm worthy of Garibaldi and Mazzini, prevented Prussian militarists from crushing the democracies of France and Britain. We cry "all honor to our noble ally," but we must do more than that. We must aid Italy now to obtain those economic needs, which formerly she imported from Germany and other countries. Last year in the chief Italian cities it was plainly intimated to me by persons of authority that they were favorable to tariff changes so as to develop trade between Italy and Canada. In 1896 we bought \$6,455,000 and in 1913 \$14,474,000 from Germany. Of this \$1,355,000 was for dyes, \$1,040,000 for cottons, \$1,128,000 for fancy goods, \$308,000 for gloves, \$247,000 for silk, \$283,000 for paper, \$1,080,000 for wool and woollen goods.

If, after peace, we impose a high tariff against Austria and Germany, we surely could give Italy a low tariff on silks, laces, oils, macaroni, high grade soaps and cheese. If they relax to us the duty on fish, lumber and flour we can well afford to relax our duty on their exports to us.

COMMERCIAL AGENTS AND TRAVELLERS.

Anxious to aid trade between the Dominions and Europe Lord Sydenham in a letter to the London Times, last July, urges that a great central intelligence office in London could supply the Dominions with all information as to what Italy and other countries need. Each Dominion to have its representatives on this Board. Details are not given to show the cost of working out the proposed Board. To me the scheme seems cumbersome and might become very expensive. I prefer the method of the United States. They appointed a few years ago, through the Foreign Trade Department, about

ten commercial attachés in the larger cities of Europe; these report continually to the Foreign Trade Department at Washington. It becomes that one man's duty to look up trade and to keep the factory and mill owners in the United States in close touch with possible buyers. Under and attached to each central office are one or more commercial travellers—men who can talk the language. Canada has already ten or twelve trade commissioners, one in the West Indies, one each in Glasgow, Liverpool, London, Manchester, Paris and Milan. Add to these ten or fifteen commercial travellers who would, immediately after the war, circle such centres as Madrid, Barcelona, Marseilles, Paris, Hamburg, Petrograd, London, etc. These agents would telegraph enquiries direct to the office at Ottawa or through the Paris, Madrid or Milan office. There is no delay in wiring to a central London Board. The traveller hears that Italy wants 20,000 tons steel rails, pulp or hay; or that a Bordeaux or Marseilles dealer wants cargoes of wheat; he wires his chief at Milan all the particulars. That chief sends copies to a dozen firms in Canada. The circumlocution of the Intelligence Board at London is avoided and buyers and sellers are closely connected. Many large contracts have been made in the United States by the above system. Mr. Cutler, chief of the United States Bureau of Foreign Trade, said October 10, 1917 referring to success of United States Foreign Trade, "it is due largely to the high grade commercial representation exerted by men sent out by this department to foreign countries during the last few years."

Canada needs in addition to the Trade Commissioners these expert salesmen who, talking the foreign language, will canvass for our country's products, carrying samples if needed. I am convinced that the policy outlined above would soon create an active demand from Spain, France and Italy for our raw products and even for some of our manufactures. This policy backed up by subsidized steamship lines and by reasonable tariff concessions, would be of great help to Italy after the war. That country needs British coal and iron, and Canadian grain, fish and wood. Too long has she depended on Russia in the Black Sea for wheat, and on Austria for wood. Canada has been paying millions to Germany for goods which now Italy will provide, and in return she will gladly make her macaroni from our western wheat and box her citrous fruits from our forests.

Meredith, Browning and many of Britain's best have waxed eloquent over Italian statesmen. They are the long-headed steady thoughted men of affairs who impress you at

the first glance. Out of the chaos of 1848-49 Cavour brought Italy, a young nation, into the ring of old nations that taught Russia a lesson in 1855. Now in 1917, the skill of her generals, the political ability of King Victor Emmanuel III, and the economic policy of wise statesmen are backing up their army. Italy is to become the great nation south of the Alps and no Italian-speaking town will have to bear in the future the Austrian yoke.

It is this Italy that desires to trade with Canada. Let us, therefore, now before peace terms are mooted, consider if the following proposals will not best serve the economic needs of both countries:

A—Efficient steamship services between the two countries.

B—A system of trade agencies and travellers by which each country will know the other country's needs.

C—More complete banking facilities with easier terms of credit.

D—A low reciprocal tariff so that our separate needs can easily be satisfied.

The embodiment of these suggestions in our "after the war" economic policy will go far to aid our heroic ally. Let us not delay until 1919 but now before peace terms are outlined, let Canada lay down her proposals for trade with Italy after the war.

FRANCE---Our Faithful Ally.

HER ENTHUSIASM FOR CANADA.

Like a knight returned from the time of Bertrand de Guesclin and the early Bourbon kings, chivalric France comes back to us in the brilliant deeds and daring achievements of 1916-17. "Come here, Monsieur, and see this," said the janitor of the vast Blois Castle on the Loire. It was August, 1916, and the young soldier was joyful as he showed me the "Croix d'Honneur" that he had received that day for his bravery at Verdun in June.

In 1914 the Allies trembled at the "weakness of France." It was said that the people had deteriorated, that there were no Bayards, or Montmorencys; that never again would the call of a Roland be heard, nor would an Imperial Guard die, as at Waterloo. We little knew the iron strength that lies in the fibrous roots of race and language. The rude, unskilled Gauls who lived along the Loire and Rhone in France were mighty ramparts against the steel and shield of the skilled inured Roman legions. Today that Gallic vigour has returned and created a barrier against which Teuton science hurls its thunder power in vain.

Out of the wreck of 1793 and the stress of Napoleonic ambition France has emerged,—a beautiful, free people. Deep down in their hearts is the love for the long tree-shaded roads that carry from town to town; for the fruit of the vineyards and the flowers of the fields, for the boulevards of Paris and the gay streets of Marseilles.

During July, last year, as representing Canadian hopes for trade after the war, I wandered over this beautiful France. I talked with merchants and statesmen in Havre and Paris, in Lyons, Arles, Marseilles, Bordeaux, Nantes, Tours, St. Etienne, Clermont-Ferrand and Grenoble. Everywhere the mayors and prefects, the manufacturers and wholesale dealers, expressed the one idea "Apres la Guerre" we want to buy and sell to our allies and not to the enemy. They deeply realize the efforts of our Canadian army in France and are

ready to agree upon an economic policy that will make it difficult for Germany to exploit French markets and at the same time will make it easy for France and Canada to largely increase their exports and imports.

My suggestions, page 12, for Italy's trade, apply with more force to France. With France we are in a far better position than we are with Italy. The French cities of Bordeaux, Nantes, St. Nazaire, Havre, Rouen and Paris are too far away to import much wood from Austria or wheat from Odessa and Galatz. Vessels would have to voyage from the Danube three thousand miles to Gibraltar and thence up the coast of Spain one thousand miles to Bordeaux. Canada's total Atlantic voyage averages three thousand miles to these French ports. Canada's competitors in French ports will be, as before the war, the neutrals. Holland farm products, Sweden and Norway forest products and Russian wheat and woods, will make strong competition.

The present prospects are that it will be years after the war before Russia can get on her feet. Her misfortune is Canada's opportunity.

On the other hand, Norway and Sweden have made large sums out of the war (notwithstanding their shipping losses). These two will be able at once to supply the timber and boxstuff so much needed by France.

CANADA'S PURCHASES FROM FRANCE.

1896.....	\$2,800,000
1903.....	6,500,000
1910.....	10,200,000
1913.....	15,500,000
France bought of us, only	
1896.....	582,000
1903.....	1,342,000
1910.....	2,641,000
1913.....	2,565,000

For every one dollar's worth we sold France in 1913, we bought six dollars' worth from her.

We increased our purchases from France of books, beans, brushes, cocoa, cotton, drugs, china, furs, gloves, hides, hats, wines, pipes, silks in 1913 over 1911 about fifty per cent.

In thirty-three commodities from France we decreased on only eight and increased on twenty-five. Our last tariff arrangement with France evidently had done good work

France, however, did not do her share from 1910 to 1913 for she reduced slightly her total purchases from us. In every conference in France last year I pointed out Canada's increased buying from France and asked them to respond by taking more of our grain and wood and canned fish and meats.

In 1913 France was very kind to Germany and

BOUGHT

German wheat.....	\$2,565,000
Canadian wheat.....	136,000
Austro-German flour.....	16,000
Canadian flour.....	Nil
German oats.....	1,324,000
Canadian oats.....	Nil

PULP.

Sweden.....	\$2,050,000
Norway.....	1,878,000
Germany.....	491,000
Canada.....	45,000

The British Year Book for 1915 page 872 says France bought in 1913 of United Kingdom 1,113,000,000 fcs., of Germany 1,068,000,000 fcs.

Of the 8,400,000,000 fcs. bought by France in foreign countries in 1913 she bought so little in Canada (75,000,000 fcs.), that it is not recorded in the Year Book.

This ignoring of Canada before the war is now changed to a lively desire to buy of us. We can stimulate this by steamship services between the two countries.

S. S. TRANSPORTATION.

What is the practical way to develop trade between Canada and France? Aid France in selling us the cotton and woolen goods, buttons, gloves, etc., that we formerly bought in Germany and at the same time, we to push our sale of forest, sea and farm products. In 1913 Canada increased enormously her 1911 purchases from Germany. On twenty-seven main commodities bought of Germany in 1911 we increased twenty-six of them in 1913 by forty, fifty and even one hundred per cent. In 1911 we bought \$10,000,000. from Germany, in 1913 \$14,500,000 — a forty-five per cent. increase. Germany only increased her purchases from us twenty-five per cent. We shall, after the war, buy more from

and sell much more to France. Great efforts are now on the carpet to get the French trade. Antwerp on the north, and Monaco on the south, in the Mediterranean, are eager for it. The London Chamber of Commerce lately published a map showing a new railroad line to link up old roads from Antwerp, running two hundred miles east of Paris to Geneva and thence to Nice and Monaco.

Even Switzerland is getting ready for trade after the war. During the last few months Swiss and French representatives met in conference with the object to improve rail and sea transportation between Switzerland and the two Americas by utilizing French Atlantic ports. The president was George Gerard of France, Benj. Rossier representing Switzerland. There were present the presidents of the Chambers of Commerce of Bordeaux, Limoges, Lyons; and also the directors of the great Railway Companies. Even the Spanish Railway Companies were represented. It was decided to urge the improvement of the upper Rhone to Lyons. Other projects were discussed which would forward Swiss goods via French ports. Evidently France and Switzerland are working together. This emphasizes the necessity for Canada to get her Atlantic S. S. Lines ready for trade with the French seaports promptly on the cessation of war.

GERMANY'S PROJECT OF RAILWAYS AGAINST STEAMERS.

The October, 1917, bulletin of the Lyons Fair says, "At the base of Germany's projects for after the war is the exploitation of the vast resources of Russia, Turkey, the Balkans and even India." To do this Germany hopes to build railways to connect Hamburg, Berlin, Vienna, Budapest, Belgrade, Constantinople, with the Persian Gulf. She recognizes the ocean competition from Britain via Gibraltar but expects the rapid rail transit via Vienna and Constantinople to fully meet that competition. M. Sprekerhof, director of railways, said February 1917 "the interest of the Central Powers from the North Sea to the Persian Gulf demands the construction now of such a railway." This he thinks would make Turkey independent of the sea,—of England and her Allies—and Germany could supply all of Turkey's needs.

He says, "Neither a crisis due to war, nor a boycott as intimated at the 1916 Paris Convention, could make us bend,—and all enemy conditions, whether military or economic, will be broken by this United Germany (railways). Turkey would then cease to be the apple of discord." He predicts an immense traffic and that freight can be carried in eight days from Hamburg to Bagdad. All of which is most

grandiose in view of the fact that Britain in 1917 has been so successful in Palestine and along the Tigris. Against this German railroad project, the cities of Bordeaux and Lyons are proposing a rapid line,—Bordeaux, Lyons, Trieste, Belgrade, Odessa, which places French seaports much nearer Odessa than Hamburg would be,—all of this shows why Britain is moving now to secure her routes to the Mediterranean. It also should stimulate Canada to look after her export trade by having S. S. Lines ready for the Atlantic trade to Bordeaux and other ports after the war.

Marseilles, likewise, has even now nearly completed (I saw it last year) a canal to the Rhone at Arles. Her aim is to supply the Rhone cities with low freights on Danubian wheat, timber, etc.

Canada's plan should be to get into close touch with Bordeaux, the distributing port on the Garonne River; St. Nazaire, at the mouth of the Loire, and Havre, at the mouth of the Seine.

East and southeast of Bordeaux are many industrial districts in Auvergne, also the factories of St. Etienne, Thiers, Clermont, and the rich fertile lands beyond Lyons down the Rhone River. An efficient regular steamship service from Canada to St. Nazaire and Bordeaux could enable Canada to compete with Russian wheat and Austrian woods via Marseilles, Nice or Monaco. Between Bordeaux harbor and this Southeastern France, there are no Alps, no tunnels such as affect transportation via Marseilles and the Mediterranean route. Lyons, Clermont, St. Etienne demand large supplies of flour, oats, wheat, canned fish, etc. Many of our agricultural tools and machinery, might also find a market there.

Bordeaux is a city of 300,000 people. She has complete docks and shipping facilities where vessels of 6,000 tons can discharge. Before the war thirty steamship lines called there but not one from Canada. This city ought to distribute flour, wheat, wood, etc., all the way to Lyons (600,000 population) and the Rhone Valley. A steamship line subsidized by both governments would soon make its influence felt on the millions who live in that area. It should give an impetus to flour mills in Bordeaux which could grind Canadian wheat for sale to Lyons in competition against the many flour mills in Marseilles, which used Black Sea wheat before the war.

France has a population of nearly forty millions. In 1913 she had about twenty-three million acres in forest and sixteen million in wheat. She does not need to import more than

thirty to fifty million bushels wheat yearly unless she has a poor harvest. The chances are that France will pay more attention to cereals after this. Her African colony provides a large quantity of feed. In 1913 she imported one hundred million dollars in cereals and over thirty million dollars of woods. Her forest area is not large, consequently she imports heavily from Norway, Sweden and others.

She does an immense preserving business which demands millions of small boxes at Bordeaux and other cities. This demand Canada does not fill. They are now anxious to buy their goods of us, and we must have the steamship connection. That steamship service should be well supplemented by a system of government commercial travellers attached to the Trade Commissioners of Paris, Lyons, Bordeaux, Grenoble as outlined on page 10.

Such a system may eventually be found to be of equal if not more service than the most skilfully devised tariff, and would be the natural complement of a reciprocal tariff.

FRENCH GRATITUDE TO CANADA.

I desire to impress on those who may read this pamphlet, the profound gratitude and splendid enthusiasm that the French people have for Canada. We six trade commissioners held conferences in at least thirty French cities and towns. Often times the squares near the town hall were so crowded that our autos had to move very slowly. Everywhere the people received us with "Vive aux Canadiens." We steamed down the Rhone one hundred and fifty miles. At every one of the ten bridges were crowds, waving handkerchiefs and calling "Vive le Canada." Thousands gathered at the quay of Arles when we landed. The people recognized that we came from the country that even then had 300,000 men aiding France against the Teutons.

The heart of France is deeply touched by Canada's splendid contributions in money and men. This revived glorious France wishes now to show her gratitude by buying of us after the war and not from her enemies.

A brochure printed at Bordeaux last year demands trade with the Allies and not with the enemy after the war. Another pamphlet handed to me in Grenoble has on its first page, in large type, the details of Canada's trade and also asks Frenchmen to trade with Canada.

They realize that the treaty of Frankfort was a serious hurt to them as it gave German goods the right to all tariff concessions which France might wish to give other countries.

French merchants are ashamed of the fact that before 1914 they bought almost none of our goods. They are ready now to assist in steamship lines and will receive our travellers with eagerness. Lyons, with its 600,000 people, and a large area of buyers near by, has a fair every March, where our agents can meet the buyers of Southeastern France, and also of Morocco, Egypt and the Soudan. There also can be seen the Lyons velvets, laces, gloves, fine feathers, carpets, clothing, etc.

This beautiful city has 11,000 factories, mills and workshops, using in all motive force of 96,000 h. p. and employing 100,000 workers of both sexes. A steamship line to Bordeaux will place Canada in close touch with all this activity.

Bordeaux also established its Fair in September 1916 and will have it every year. There, likewise, our agents will meet the Orient and the West. Canada buys both in Bordeaux and Lyons, but our sales up to 1914 were virtually nil.

BANKING FACILITIES.

Notwithstanding the indemnity paid Germany in 1871 and the losses by this war, bankers assured me that France would be able to rebuild her factories after the war.

There is a movement on foot in France for an expansion of banking credit for the help of industrial establishments, based upon the systems obtaining in other countries; this will no doubt have an important influence upon France's future industrial development. The Bank of France holds a predominant position, and can be looked upon in the same way as the Bank of England is regarded amongst merchants of Great Britain. Other banks which have an important influence in French finance are the Banque Nationale d'Escomptes and the Credit Lyonnais. In so far as trade with English connections is concerned the French branch of Lloyd's bank has a most important influence. Canadian exporters will have no difficulty in establishing relations through these banks. The functions of the banks are rendered all the more simple by the fact that the French people pay their financial obligations without the slightest hesitation and exactly on the date set. They expect in return all debts due to them to be paid promptly.

FRANCE BUYS CANADIAN GOODS FROM ENGLISH MERCHANTS.

Canada's record shows we sell France one dollar for every six dollars we buy. This, however, is not quite correct.

Our lumber and fish exporters are so grooved into British methods and channels that cargoes of our deals and thousands of cases of canned lobsters and salmon, etc., are sold to United Kingdom buyers and are delivered to French ports. We are content with the United Kingdom buyer. Should we not seek the cash-down buyer in Paris, Lyons, Bordeaux, etc., and get rid of the middle man in London or Liverpool? Many buyers in England have their own canned goods labels with the result that the French buyers know only the London label and not that the goods are Canadian pack. I saw Canadian pack with London firms' names and I know of Paris buyers who bought last year thousands of cases of Canadian canned salmon in London. Our name "Canada" does not get a fair chance. To remedy this, each Canadian can should have the name "Canada" in raised letters on top and bottom.

Canada should identify her barrels, cases and cans in this way and should keep a grip on the carrying trade by selling direct to France and not through the United Kingdom middleman.

LUMBER AND READY-MADE HOUSES.

France needs an enormous supply of deals, etc., for building immediately after the war. France wants the lumber in 1918 and prefers it delivered to St. Nazaire or Havre. She might, however, take it f.o.b. St. John or Halifax,—they to arrange to supply the tonnage.

Unfortunately, it looks as if France will turn to Norway and Sweden for this supply.

Ready-made houses are in demand now in France, and will be much more in demand when peace is declared.

Montreal is selling a few, and I saw sample houses in the Park on the Seine. Canada's agent at Paris, Mr. Roy, is ready to give full particulars about sizes, quantity, etc., needed. I do not know, however, that many eastern mill-owners have put themselves in shape to supply this demand, which is sure to come and will be very large and urgent.

France, with her skilled, artistic workers, does an enormous trade.

FRANCE IMPORTED 1913.

Food and raw materials.....	£ 273,000,000
Exported of same.....	108,000,000
Imported in 1913:	
Manufactured goods.....	£ 67,000,000
Exported of same.....	144,000,000

This proves at once that she is becoming a manufacturing nation and needs raw products.

Imported (special) in 1913:

	Francs.
Wool.....	698,800,000
Cereals.....	613,400,000
Woods.....	186,900,000
Hides and furs.....	233,500,000
Machinery.....	323,700,000
Rubber.....	200,000,000
Flax.....	123,000,000
	<hr/>
	2,379,300,000

totalling over \$400,000,000. On page 872 of Great Britain's Year Book, 1915, among the fourteen different countries, including Brazil and Turkey, the name of CANADA DOES NOT APPEAR as an exporter to France.

In 1912 we sold France \$2,565,000. Turkey, the lowest in the above list, sold her \$19,000,000. France in 1913 bought of Germany and Austria \$234,000,000. She sold them \$182,000,000.

What will Canadian farmers, millers and manufacturers do so that Canada will gain a share of this vast trade that formerly went to Germany?

TARIFF CHANGES.

Frenchmen in Lyons, Paris, Marseilles, were ashamed last year when they realized that they bought almost nothing up to 1914 from Canada. Time and again men said to me: "Let England outline an inter-ally policy to supply the economic needs of each and we will do our best to fall in line and buy of you." M. Ennemond Morel, a brilliant writer

of Lyons, says in a brochure printed 1916,— "As to England, our loyal Ally, she invites us to consider a special meeting of her Chambers of Commerce where she consults as to a common commercial policy, offensive and defensive, between the nations of the Entente against those who are at war with us. The different markets of the world have been conquered by German commerce, by means of the co-operation of Technical Committees, of organization of the banking system, and of heavily subventioned steamship lines. I lay down this principle that France should organize now, and not after the war, to take a large share in the rehabilitation of international commerce which will follow in consequence of the war."

This principle proposed by M. Morel was unanimously adopted by that influential Chamber of Commerce of Lyons in January, 1916. The Chamber of Commerce at Grenoble published a circular 1916, and said "The Commercial relations which exist between France and Canada will greatly develop in the future." Everywhere in the British Empire breathes this idea of a more strong economic cohesion. Besides the definite attitude of the United Kingdom Congress of Chambers, June, 1916,

THE SOUTH AFRICAN CONGRESS.

passed September 1916, the following without opposition:

(a) That the customs tariff of the Union of South Africa be amended so as to provide for:—

1. A substantial rebate in favor of the products and manufactures of the British Empire.

2. The principle of Customs preference to our Allies, provided they reciprocate.

3. Reciprocal Tariff relations with other countries — but in no case placing other countries on an equality with the British Empire or its Allies.

4. A special tariff against the products and manufactures of the present enemy countries, on such a scale and for such a period as may be agreed upon at the conference between the Imperial and Dominion Governments.

(b) That differential charges against all enemy shipping be made at the South African port in accordance with the resolution of the Paris conference.

(c) That no trading licenses be issued to enemy subjects or to agents of enemy firms provided that there shall be reasonable safeguards in respect of existing licenses.

(d) That, subject to any agreement which may be made between Great Britain and her Allies, no foreign patent should be allowed to be held in this country unless they are worked or made in the British Empire.

(e) That enemy subjects holding certificates of naturalization shall be required within a reasonable period of the conclusion of peace, to produce papers of de-naturalization from the country of their origin, or satisfy a competent authority of their inability to obtain them.

Clause 2 is that in which France is deeply interested. Her public men acquiesce in the principle stated. It remains now for the tariff terms to be outlined. Not after the war, but now in 1918 must the proposals be sketched.

The Statesmen of Canada and Australia, etc., will consult with the Motherland about those terms, so that the reasonable needs of Allies and Dominions will not be forgotten.

Will peace leave Germany the equal right to trade with the Allies as she formerly had? Will Great Britain still cling to her Free Imports Theory even though she knows that that theory has been so fallible in actual practice?

From 1900 to 1910, the carrying trade in the Orient was staggered by German methods of subsidies. From 1880 to 1905 the sugar trade between Great Britain and the West Indies was well nigh ruined by the tariff policy of Germany, and dozens of English and Scotch Refineries had to close their doors.

Will the new economic proposals allow for this? These are some of the questions that will be paramount both in Canada and Great Britain. They should be answered by Canada before the Conference meets in London after this war.

GERMAN DEVELOPMENT.

Both France and Britain have wakened from their slumber of decades before the war, and fully realize now the marvelous commercial advance in Germany since 1900.

The merchant fleet development in Germany has astonished the world. In 1856 Germany had only one steamer

trading with the United States. In 1914 she owned 5,459,000 gross tons.

Britain owned 19,256,000 tons.

France owned 2,319,000 tons.

Italy owned 1,668,000 tons.

Eight years ago Australian merchants told me that the German Lines were steadily cutting into the P. and O. Steamship Line; that the P. and O. took better care of passengers. I met German buyers of wool in Australia who were prepared to provide return cargoes to German ports. Even at that time it was rumored that these German liners carried heavy cannons in the lower hold for ballast which could be used in case of war. In the twenty-five years before 1914 Germany quadrupled her merchant fleet. Even since 1914 she has done wonders. The "Cologne Gazette" says that in July, 1916, the Hamburg-American Co was finishing the "Bismarck," a giant of 56,000 tons, the largest vessel in the world. In another yard, at that date there were nine vessels in construction, four of which were 18,000 tons each. The "Gazette" declared that Germany added to her merchant fleet 768,000 tons since August, 1914. She is preparing for transportation after the war. In June, 1916, a conference was held at Bremen; two hundred and fifty business houses were represented. They discussed prices, routes, competition and ship-building. These keen business men were cohering forces in view of future trade. All of this has so impressed the mind of Senator Edouard Herriott, of Lyons, France, that he says in a late French magazine, "France must prepare a strong merchant marine for the days of peace. The problem of high cost of living is entirely a problem of transportation." This brilliant writer and statesman, who may be the next president of France, goes on to show that France, in order to compete, must extend her inland canal transport service and her maritime steamship services. Thus France is keenly alive to the situation. Britain also sees how Germany expects to compete for the world's trade after the war. Germany has her vast canal system by which the Danube is linked with the Rhine. What service it has been! In 1914 the Dortmund Canal carried 639,000 tons; 1915, 3,540,000 tons; in 1916, 5,040,000 tons in eleven months. Germany expends millions to extend inland and ocean transport, with marked success as quoted above.

What will Canada, France, Italy and Britain do to insure rapid ocean transport? Useless to change tariffs and still permit steamship companies to force out of the people those enormous profits so often reported. It is true that most of the German merchant fleet was controlled by Herr Ballin and his company, but the rates of freight were always kept well in hand by a paternal government. All this indicates that Britain and her Dominions must cast adrift the old policy of private-owned shipping. The great carry-ways both on land and sea must be mainly owned by the government so as to keep a tight rein on the greed of companies and on the cold skill of directors and presidents.

Great Britain's Free Import Policy

"On the back of Free-trade England, we dared to grasp at the mastery of the world."

These are the scornful words by which a German economist since 1910 triumphantly showed how Germany had climbed to power.

Later in November, 1914, a loyal German living in Canada said with bitter regret: "Why did my country force this war? If she had only waited ten years we would have controlled the world's markets and conquered England commercially."

Up to 1914 trade statistics prove that even though a country be rich in ships, manufactures and raw materials, it cannot long control the world's trade, if it leaves the home market open to rivals. Towards the close of the last century both the United States and Germany imposed heavy duties so as to retain their home markets for their own people. In a few years they turned their attention to the open British market with the following success:

Yearly average imports into United Kingdom wholly or mainly manufactured:

1870-74.....	£ 55,200,000
1905-09.....	148,600,000

Increase of nearly 170 per cent.

Yearly average exports of same from United Kingdom:

1870-74.....	£ 210,100,000
1905-09.....	294,000,000

An increase of 40 per cent.

During the period from 1898, after the imposition of high protective duties, up to 1910, the United States export of completed manufactures rose from £223,000,000 in 1898, to £499,000,000 in 1910, or an increase of 124 per cent.

Germany likewise increased from £117,800,000 in 1898 to £245,000,000 in 1910, or 108 per cent. The figures of 1910

trade in manufactures show that the United Kingdom bought of "whole or mainly manufactured articles" from the eleven foreign, protected countries £124,300,000, and sold them only £106,300,000. The United Kingdom bought £18,000,000 more manufactured goods than she sold.

How differently was Britain treated by Canada, Newfoundland, Australia, New Zealand and South Africa, which had already given a preference to the United Kingdom. These five with thirteen millions of population bought of Britain in 1910, £68,700,000 manufactures and only sold her £5,100,000. They bought of the United Kingdom £63,600,000 more manufactures than they sold.

Here has stood Great Britain giving for years her open market to the United States, Austria-Hungary and Germany, allowing them to crowd her cities with manufactures of all kinds and at the same time she refuses the merest modicum of preferential treatment to the five dependencies who bought in 1910 £68,700,000 of the United Kingdom manufactures against £53,800,000 bought by the foreign countries mentioned. Before 1914 the British possessions bought of manufactures from the United Kingdom between twenty and thirty million pounds more yearly than did all of the eleven protected foreign nations. "How long will this open market condition last?" is the natural question that Canada and the other dependencies are asking.

THE FAILURE OF THE FREE IMPORT THEORY.

The Savings Banks in 1910 show in the United Kingdom an increase of £153,000,000 since 1875. Prussia shows £466,000,000 increase, and United States £623,000,000 increase. Since 1890 the German Empire shows a decline in emigration from 19.7 of every 10,000 population, to 3.9 in 1910, and up to 1914 it was admitted that immigration into Germany exceeded emigration. In Britain under the Free Import Rule, we see an increase in emigration from 29.0 in 1890 of every 10,000 population, up to 56.4 in 1911.

The worst conditions resulting from this passing policy is to be found in iron and steel. In 1875 Great Britain looked over the world and said, "I lead," but thirty years of protection in the United States and Germany have changed that expression to "I follow."

PIG IRON PRODUCTION.—No. 1.

Average.	Great		United
	Britain.	Germany.	States.
	Tons.	Tons.	Tons.
1876-80.....	6,600,000	2,100,000	2,200,000
1901-05.....	8,700,000	9,300,000	18,200,000
1906-08.....	9,800,000	12,200,000	23,300,000
1910	10,000,000	14,600,000	27,300,000

These figures show an increase in Great Britain's production of 52 per cent.; in Germany's production, 548 per cent.; in the United States production, 1,141 per cent. Great Britain at the bottom.

PIG IRON CONSUMPTION.—No. 2.

Average.	Great		United
	Britain.	Germany.	States.
	Tons.	Tons.	Tons.
1876-80.....	5,400,000	2,200,000	2,200,000
1901-05.....	7,900,000	9,200,000	18,500,000
1906-08.....	8,200,000	12,100,000	22,600,000
1910	9,000,000	13,900,000	27,400,000

Again we find United States first, Germany second and Great Britain third.

STEEL PRODUCTION.—No. 3.

Average.	Great		United
	Britain.	Germany.	States.
	Tons.	Tons.	Tons.
1876-80.....	1,000,000	500,000	800,000
1901-05.....	5,100,000	8,000,000	15,300,000
1906-08.....	6,100,000	11,300,000	20,200,000
1910	6,500,000	13,500,000	26,100,000

These figures show Great Britain's increase 550 per cent.; Germany's increase 2,600 per cent.; United States increase 3,163 per cent.

What humiliation in tables, 1, 2 and 3, to know that Great Britain, which in the last century dominated the world in steel and iron, had to take third place in 1913, being very much below both Germany and the United States in steel and iron production.

The next tables, Nos. 4 and 5, show what Germany has been doing with the coal, iron and steel that she bought of Great Britain (from British Year Books 1900-1915.)

GERMANY SOLD TO GREAT BRITAIN.—No. 4.

	1900	1905	1910	1911	1912	1913
Woollens and yarn	£1,312,671	£1,984,475	£1,822,514	£2,574,234	£2,579,099	£2,592,925
Cottons and yarn	981,462	1,476,385	6,279,580	7,115,786	5,888,676	7,540,867
Machinery	411,178	735,536	1,340,803	1,977,014	2,435,917	2,384,142
Iron and Steel Mfgs.	676,138	379,749	4,321,988	5,147,507	5,705,729	7,524,532

GERMANY BOUGHT OF GREAT BRITAIN.—No. 5.

	1900	1905	1910	1911	1912	1913
New ships	£1,592,865	£1,377,081	£ 118,883	£ 327,903	£ 467,289	£ 456,299
Coals	4,267,172	3,406,535	4,180,725	4,180,725	4,389,144	5,345,732
Iron work	2,937,055	1,500,414	1,608,005	1,735,683	2,108,992	1,675,456
Machinery	2,040,797	2,102,835	1,840,432	1,934,065	2,106,091	1,887,387
Wool	742,632	1,691,035	2,164,423	1,950,183	1,174,160	1,459,134
Woollens and yarn	3,743,842	3,795,591	5,952,326	6,024,992	6,586,365	5,019,667
Cottons and yarn	3,843,917	4,941,917	7,310,910	8,036,015	8,338,486	7,797,200

Germany has decreased her purchase of new ships, and increased purchase of coal, decreased purchases of iron work, machinery and even of wool.

She built her own merchant ships, sent them to Australia and South Africa and until 1914 was competing there in buying wool and in selling manufactures.

Per table No. 4, Germany's purchases of iron work and machinery scarcely average £4,000,000 per year. Since 1905 her sales of these to Great Britain rose steadily from £1,000,000 in 1900 to £9,900,000 in 1913.

Her sales of cotton and yarn to Great Britain rose quickly from £980,000 in 1900 to £7,500,000 in 1913. Woolens and yarn likewise nearly doubled in the same period.

Evidently that first great German Protectionist List, must have had a clearer vision than Cobden or Disraeli.

And all this time, from 1890 to 1910, the Mother of Finance in Threadneedle Street was paying for her immense surplus imports with freight money collected from British shipping, not realizing that in coal, iron and wool, she was aiding her rivals to outstrip her. Will this war wake her up to know who are her friends and who her enemies?

AN EMPIRE POLICY REQUIRED.

The British tariff before 1914 imposed about £10,000,000 yearly taxation on tea — 5d. per lb.; sugar, 1s. 10d. per cwt.; coffee, 1½d. per lb.; chicory, 2d. per lb.; cocoa, 1d. per lb.; figs, plums, prunes and raisins, 7s. per cwt.; currants, 2s. per cwt.—in all about ten articles of food. As these foods are not grown in the United Kingdom, it is obvious that the people of the United Kingdom have to pay the whole tax. If all these ten articles were in the Free List the United Kingdom would have those goods cheaper by £10,000,000. The imposition of these taxes does not aid anybody anywhere. These duties are imposed on cocoa from Trinidad or South America, on sugar from British West Indies or Cuba—foreigner and colony are treated alike. An Empire policy would say, "Take this £10,000,000 off the breakfast table, where it only raises revenue, and gather in the same amount to the Treasury from the meats, lard, cheese and wheat used on the dinner table." Britain raises all these four foods, and therefore an import duty will aid the farmers of Britain who will receive a preference in the home market.

Suppose Britain lifts this £10,000,000 from her breakfast table, and exacts about the same amount from duties on wheat, etc., as stated, who will be damaged? Not the Treasury, for the £10,000,000 will be received. Not the people, for they always paid the £10,000,000 before on teas, etc. The tea, coffee, cocoa and sugar planters never paid one penny of the tax: the people of Great Britain always paid it, as the United Kingdom cannot grow the goods.

Suppose Britain imposes 3s. per cwt. on wheat, oats and barley; 2d. per lb. on meats, dairy products and lard, with 50 per cent. preference to Australia, Canada, New Zealand and South Africa. Would that make any difference to the

Treasury? None. Would it make any difference to the forty-five million people in the United Kingdom? Yes, very much. True, they would only pay in duties on wheat, etc., about the same, £10,000,000, they had paid before on teas, etc. There would, however, be this great difference: The farmers of the United States would have to pay a share of that £10,000,000 in reducing their prices of produce to compete with Australia and Canada. These two raise now more surplus wheat than the United Kingdom needs yearly in ordinary times, and the United States would be forced to undersell Canada by the amount of the 50 per cent. preference in order to induce the Great Britain buyer to take United States products. The 1d. per lb. and 1s. 6d. per cwt. preference to the colonies are so small that it would almost be absorbed by foreign competition.

Small as it is, that preference would be a vast lever to aid in settling those colonies after the war with Northern stock, as it would give the farmer in Canada a definite advantage over the Dakota and Minnesota farmers. The Dakota farmer, looking across the line, would be impelled to seek Canada, where he would have a decided preference in the home market of Great Britain. Ten years ago there may have been a doubt about the supply of food from the colonies. To-day it is proven that the three colonies can provide the cereals, the dairy products, the meats and the wool that Great Britain needs. Canada wishes to stay within the British Empire. That is shown by her action in the South African war and also in the present war. We need very many of the British manufactures—we also need the protection of the British fleet. We know that Britain needs our forest and farm products. Already the twelve millions of people in Canada and Australia have shown, by their tariff preferences given for many years, that they wish to remain in the Empire.

Unfolding before the eyes of the world is the possibility of an Empire unknown to Roman or Persian. The links in that chain have been forged more strongly since August, 1914. We stand ready now to bind ourselves to that grand old mother on her Island Shores. Our twelve millions, in Canada and Australia, will soon be doubled. Will the statesmen of Great Britain weld those links now and create that great civilized Empire, or will they go their own course and forget the wishes and hopes of the Irish and Scotch, the French and English in the oversea dominions?