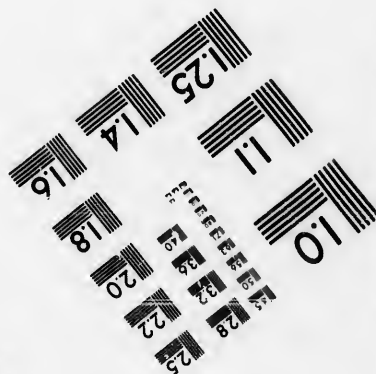
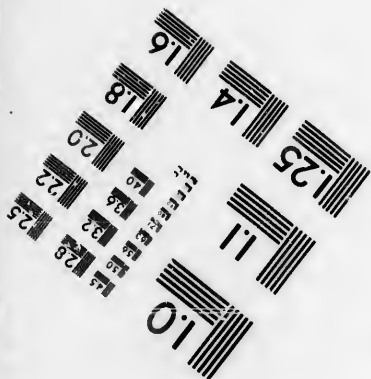
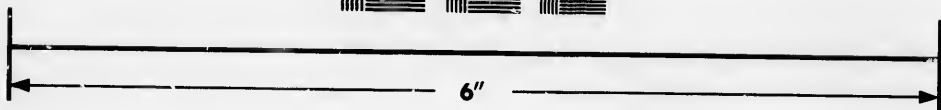
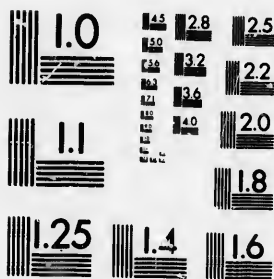


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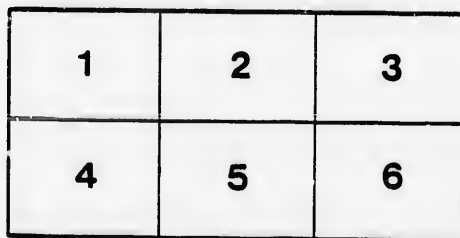
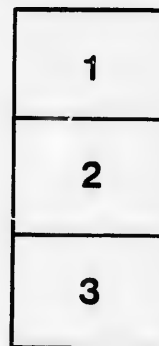
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Edited by

Hon. J. S. Hall

Mar. 6, 1905.

# THE TRADE QUESTION.

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FALLACIES OF PROTECTION,

OR THE

So-Called "National Policy."

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PUBLISHED BY THE REFORM ASSOCIATION  
OF THE PROVINCE OF ONTARIO.

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Toronto:

PRINTED AT THE OFFICE OF THE GLOBE NEWSPAPER.

1878.

THE TRADE MARKS

TALMAGE'S OF PROTECTION

of the National Patent

OFFICE OF THE PATENT OFFICE

WASHINGTON, D. C.

## PROTECTION FALLACIES.

Whenever distress from any cause whatsoever has begun to make itself felt by any considerable class in the community, there is no lack of charlatans ready to persuade the people that they possess some infallible remedy, warranted to cure all the ills that flesh is heir to; and most assuredly the Protectionist champions of the present day are in no wise behind in proclaiming the universal efficacy of their particular nostrum.

### What is our Complaint, and what are their Remedies?

Canada, like almost every civilized country in the earth, is laboring just now under temporary depression; that is to say, her people are poorer than they used to be, or, at any rate, than they imagined themselves to be; and by way of remedy it is solemnly proposed to add TEN OR TWELVE MILLION DOLLARS PER ANNUM TO THEIR PRESENT TAXATION!

Canada obtains the greater part of her revenue from duties on imports, and she is more or less in financial difficulty because the quantity of these imports has been largely diminished. For remedy, we are told, Let us abolish all imports or by far the largest portion, and thereby improve our revenue by throwing away two-thirds of it!

Then, Canada has expended enormous sums of money in cheapening the transport of goods from one side of the Atlantic to the other; and she receives but small direct returns for the cost of most of these works. Therefore, the natural remedy, by way of improving matters, is TO INFLICT A HEAVY PENALTY on all persons proposing to bring any return cargoes to this country!

Canada possesses extraordinary advantages for certain special pursuits, more particularly for the production of grain, of cattle, of agricultural products generally; and she is, by virtue of her position, debarred to a great extent from competing on equal terms in a good many manufactures. Therefore, by way of remedy for existing evils, her people are exhorted to ABANDON THESE NATURALLY PROFITABLE OCCUPATIONS, and to betake themselves to those branches of industry in which the odds are from natural causes heavily against them!

Lastly, Canada enjoys a reasonably fair and equitable system of taxation, pressing evenly on the whole of the community, and not designed to give any unjust advantage to one class above another. Therefore, let us by all means abolish this system, and introduce modes of taxation which will compel every merchant and every manufacturer in the land to make up his mind that the only sure road to prosperity is TO SECURE SUFFICIENT POLITICAL INFLUENCE TO HAVE THE TARIFF ARRANGED FOR HIS PARTICULAR BENEFIT.

These in brief are the remedies suggested for the present difficulties of the country, and set forth with much pomp and parade in a certain pamphlet entitled "Free Trade and Protection," to which it may be worth while to refer a little more in detail, as being a sort of handy compendium of the chief blunders committed by the advocates of increased taxation, otherwise called protectionists.

Let us review them in detail.

#### The First Mis-Statement.

The very first statement, printed in large capitals, is entirely delusive. We are told that "*Canada is exclusively a farming country.*" Now, it so happens that a large number of the people of Canada are engaged in fishing, in ship building, in lumbering, and in sea-faring pursuits, and in a great variety of manufacturing occupations. Strange as it may appear to the protectionist writers, the actual number of persons engaged in these occupations is almost EXACTLY PROPORTIONATE in Canada, under a revenue tariff, to those similarly employed in the United States under their most unjust and oppressive fiscal system. For example, according to the census of the two countries, Canada had 479,000 farmers against 6,000,000 in the United States; 114,000 commercial and professional men against 1,500,000 in the United States; 213,000 persons engaged in industrial pursuits, against 2,500,000 in the United States. And if it be true as alleged, that the soil of Canada is being impoverished year by year, it is a very good reason for correcting a system of bad farming, but none at all for trebling the taxes of the people of the country.

#### The Farming and Town Population of Canada compared.

"As to the farming country which manufactures," it may suffice to say, that as Canada had at the last census a population of 787,336 in cities and towns of over one thousand inhabitants, distributed as follows:

Ontario.....	366,286
Quebec.....	287,391
Nova Scotia.....	56,949
New Brunswick.....	76,711

a proportion which is not far short of the proportion of the town population of France, one of the most prosperous of European countries, it does not appear that the proportion between the farming and town population of the Dominion is very badly regulated after all, especially as the town population of Canada has probably increased considerably since 1871. It would be nearer the truth to say that we are suffering from an undue aggregation of the people in towns and cities.

#### The True Commercial Position of Canada.

Passing on, let us take into consideration "*the true Commercial position of Canada.*" Surely every one, even of the most moderate intelligence, can or ought easily be brought to understand that, while Canada possesses many natural advantages for the production of certain articles in the growth and manufacture of which she can compete successfully with almost any country on the face of the earth, she



does not and never will possess equal advantages for the manufacture of certain other articles, which she therefore finds it better and more advantageous to buy than to make. Why is it, pray, that in spite of the long ocean voyage, Canadians, and more particularly the people of Ontario, are able to sell wheat, barley, cattle, butter, wool and all manner of agricultural products in England cheaper than the people of great Britain? Simply for two reasons. First, because our climate is better adapted for the production of many of these articles. Secondly, because land is cheaper and in many cases more fertile in Canada than in England. Why is it, on the other hand, that the Englishman is able to produce cloth, cottons, hardware and iron cheaper than we can do in Canada? Simply because he has, in the first place, a better climate for certain purposes; in the second, much cheaper money; in the third, cheaper labor; and lastly, enormous advantages arising from his insular position, which enables him to carry on a much larger trade than we could hope to do, at any rate for a very long time to come, whereby he enjoys the advantage of manufacturing on a very much larger scale. Now, as we can neither make Canada an island, nor alter our climate, nor by any amount of artificial legislation materially affect the rate of interest we have to pay for money, nor yet enable a Canadian to live comfortable in our climate with the same quantity of clothes, the same quantity of fuel, or to obtain house accommodation as cheaply as the Englishman, at any rate in most towns or cities, it stands to reason that we will enter into competition with England or other countries similarly circumstanced, at enormous disadvantage in the manufacture of these particular articles. And although it may be true that by prohibiting the importation of these articles altogether we can obtain a home market for a very limited number of manufactures, yet it is clear that it is equally true that we should lose so much in other ways, that even our home market would probably be enormously diminished instead of being increased, in the final result.

#### **The effect of Protection in the United States.**

*But, say these people, let us look at the effect of protection in the United States.* Well, we will look at the effect of Protection in the United States. We will have recourse only to American witnesses of the highest standing and position in their own country, to show us what Protection has done in the United States.

#### **What Senator Blaine says about it.**

The people of the United States possess a wonderfully rich country, a country extending from ocean to ocean, comprising within its limits every variety of climate, and which has the capacity of producing every single article and every single mineral which human beings are in the habit of using. They have a vast internal trade, and if anywhere on the face of the earth the experiment of a high tariff and protective duties could be tried with a reasonable prospect of success, it would be in the United States of America. Now they have tried the experiment for nearly twenty years; they have, according to the computation of their own best economists, expended between EIGHT THOUSAND AND TEN THOUSAND MILLIONS OF DOLLARS in the attempt to foster certain special industries, and mark the result. In a country which, as Presi-

dent Lincoln truly said, could maintain with ease a population of two hundred millions; Senator Blaine, a prominent member of the Republican party, declared publicly on a recent occasion that there were between three and four millions of human beings in a state of destitution, and that more than five hundred thousand (500,000) able bodied men, with their families, were unable to find employment in the United States in the present year of grace, 1878. The papers of New York have related from time to time how thousands of industrious mechanics (a thing heretofore unknown in the history of America) are flying from her shores, and trying to obtain employment in England or Scotland, or in distant countries. From one end of the land to the other goes up a wail of distress and destitution.

#### The Testimony of Secretary Everts.

Secretary Everts, a member of the present Cabinet, declares:

"In your own great state (Pennsylvania) I perceive that in the production of iron, there are to-day 478 furnaces out of blast, out of a total number of 714, representing an idle capital of \$100,000,000. The capacity of these furnaces is at least double the demand. *What is true of iron is true of other industries.*"

#### Col. Tom Scott Testifies to the same effect.

Colonel Scott, one of the greatest capitalists in America, speaks as follows:—

"In a few hours the credit upon which the fabric of our apparent prosperity rested, was almost entirely destroyed. The capital which had been freely lent to all enterprises offering even a show of prospective profit, was suddenly withdrawn. Since that time the country has been obliged to meet its debts, not by renewal, but by actual payments from its resources.

"Every important industry in the country has been compelled to practise the closest and most rigid economy in order to escape marketing its product at an absolute loss. The cotton and woollen mills of New England, the furnaces and mines of Pennsylvania, Ohio, Indiana, Illinois, and Missouri, have all passed through the same experience, and have the same story to tell. The capital which communist orators so eloquently denounce, has yielded such scanty returns as the men who pretend to dictate the scale of adequate wages for labor, would regard with disdain. In every manufacturing state in the country it is perfectly well known that many establishments have been kept in operation simply that the men might be employed."

#### Henry Ward Beecher tells his Experience.

Henry Ward Beecher, the celebrated preacher, gives us the result of his experience—

"Everything has fallen in value. Provisions, raiment, real estate, commodities of every form and shape, have gone down. Properties that were mortgaged at one-third of their value are sold for the amount of the mortgage; two-thirds of their estimated value has gone under. I need not tell you that property in Brooklyn is substantially unsaleable. You can exchange houses and lots, but who

"can sell a house or who can sell a lot? Here and there you may meet with an exception to this, but as a rule everything is at a standstill.

"With all corporations dealing in money there has been just the same perplexity. Banks have not been rejoicing with an overflowing cup. They have been circumscribed, and their business has been largely destroyed. Brokers have been lying on their oars and waiting for better times. Insurance companies have been hedged in on the right and on the left. Stocks have been poor possessions; bonds and mortgages have largely lost their security, if not their value. Men who thought themselves rich because they had a hundred thousand dollars in Delaware, Lackawanna, and Western Railway bonds, find that while they supposed those bonds were worth a hundred and twenty cents on the dollar, they are worth only thirty-six cents, and they cannot get that. In houses, lands, ships, property of every kind everywhere, the same depreciation has been going on. It is not a special thing that railroads find themselves very much hedged in. Most of the great roads have felt this pressure; some of them have been bankrupt outright. It would have been better for others if they had been bankrupt too. They were built in times when everything was inflated, and at such high prices that they represent so much stock that they never can earn dividends until they have been sold under the hammer for about *one-sixth of what they cost*, or were alleged to cost. Some of them have been able barely to hold their heads above water, and pay the interest on their bonds and evidences of indebtedness. Some others have not been able to pay the interest on what they owe, and have scarcely been able to pay their current running expenses; and there are none of them that are not obliged to manage their affairs with the utmost care and economy, paring off all excesses, reducing every expense, and carrying the most searching frugality into every department of their vast operations. And citizens everywhere are subjected to great loss, and are put upon the necessity of practising sharp economy and exercising every ingenuity to reduce the cost of living."

#### William Cullen Bryant's Evidence.

William Cullen Bryant, one of the most distinguished literary men in America, says:—

"And what years, my friends, were these? Years of languishing enterprise, years of despairing industry, years of strikes, years of contention between the employers and employed, years which showed the spectacle of laborers by hundreds looking in vain for occupation, and hunger-pinched families shivering in their unwarmed garrets. All this while the protective system, as it is called, has been in full force. Everything is protected, that is to say, everything imported into the country is taxed as it never was before. If the protective system be the ground of commercial prosperity, the country should now be prosperous beyond the ground of all previous experience. Our mills, now silent, should be in constant employment; not a willing arm should be idle, not a spindle should cease to hum. Is it not time for a reaction? Are we to go on in this manner indefinitely? We have tried the protective system as fully as is possible. We have tasted its fruits and they are bitter. Let us now

“have a season of free exchange. I have no doubt, for my own part, that a liberal system of revenue laws, especially combined with a return to specie payments, would make an instantaneous and most fortunate change in the condition of the country. Yes, my friends, the time for a reaction has arrived, and we are determined it shall have a fair field. Free trade has slept while its enemies have been performing their unhappy experiments upon the public welfare, and now we look to see it rise invigorated by its long slumber.

“Let me say that I am in favor of protection, but of a protection of a kind very different from that which for many years past has dealt so cruelly with the interests of the country. I am for protecting the consumers, the class whose numbers are counted by millions. I am for protecting this class in its natural and proper right to exchange what it produces in whatever market it can exchange it to most advantage. I am for rescuing it from the hands into which it has fallen, and which plunder it with as little remorse as the rovers of the Barbary States, in the early part of this century, pillaged the merchant ships that entered their seas.”

#### Hon. David Wells to the same Effect.

The Hon. David Wells points out to his countrymen that they have swept the American flag from the ocean, and goes on to say .

“For fifteen years now the experiment of protection to home industry has been tried in the United States on the largest scale and under the most favorable circumstances for success that the world has ever seen, and under its influence the domestic industry of the country, to use a slang expression, has been ‘getting no better very fast.’ Every prophecy, so confidently made in the past as to the results of protection in inducing natural prosperity, has been falsified ; and one has only to pick out the separate industries which have been especially protected to find out the ones which are more especially unprofitable and dependent. Thus, in the manufacture of pig iron, excessive profits have given rise to such excessive competition as to render the whole business ruinously unprofitable, a condition of things from which there can be no recovery, except through a continued suspension or curtailment of production, the utter abandonment of many furnaces, and the utter loss of a vast amount of recklessly invested capital. In the manufacture of silk, the manufacturers, although enjoying for many years the protection of a sixty per cent. duty on all manufactured imports and a free admission of all raw material, are desirous of a still higher duty. And unanimously of the opinion that an abatement of the existing duties, to even the slightest degree, would be to them altogether ruinous. In the manufacture of wool—an industry in which the representatives of protection were allowed to dictate without interference the exact measure of protection which seemed then desirable, and caused the enactment of duties ranging from 50 to 150 per cent.—it is sufficient to say that the existing depression and stagnation are without parallel ; eight of the principal mills of the country having been sold on compulsion, within a comparatively recent period, for much less than fifty per cent. of their cost of construction—  
—the Glendarn mills in particular, one of the largest and best

“equipped woollen establishments in the United States, advantageously located on the Hudson, about fifty miles above New York, and representing over one million of dollars paid in—having changed since the first of April last for a consideration of less than \$200,000.”

**Governor Robinson, of New York, tells how it has Affected the Workingmen.**

The Governor of the great State of New York, in his last message to the legislature of that State, declares expressly:

“The depression in all branches of trade, business and manufacture, and the wreck of our too numerous railroad, mining, iron and milling ventures, *have thrown out of employ a vast number of labouring men, who, without fault of their own, are now suffering extreme want.* While, it is true, that legislation can do little for their relief, it is well to understand clearly the causes which have led to their distress.” After noting, as one of the causes of this state of things, the currency inflation in the States, the Governor went on to say:—

“At the same time another great evil was strongly developed. Individuals and corporations engaged in the various branches of manufacture, taking advantage of the necessities of the Government, rushed to Congress and, by every means in their power, procured, each for its own benefit, the levy of what were called protective duties, under the false pretence of raising revenue for the Government, but really to *compel consumers to pay exorbitant prices for the favored articles thus protected.* Under the wing and stimulus of this so-called protection, new enterprises were undertaken, new and extensive factories built, new and needless railways projected and undertaken, new mines and foundries opened, and armies of laborers allured by high wages to these enterprises from fields of agriculture and other sober and rational employments of life. The few notes of warning raised against the certain consequences of this wild overaction were unheeded. Extravagance of expenditure, the absence of everything like frugality and economy obtained in all directions. The empty and delusive hubbub thus raised could not endure, and although kept afloat by the whole power of the Government so long as it was possible, it met at last the inevitable day of doom. Imaginary fortunes vanished in a moment, ill-advised railway schemes, mines, mills and factories were suspended, and *tens of thousands of innocent and unfortunate laborers were left without employment or the means of subsistence. Instead of the high wages by which they had been enticed from other occupations to these enterprises, they received no wages at all.*

“It is easier to discover the cause of this distress than to point out the manner of its relief. There can be but one permanent and effectual remedy. That is, to return as speedily as possible to the condition of things that existed before the road to ruin was entered upon; by means of a return to specie payments, a sound and stable currency, and the reduction of the tariff to a *strictly revenue standard.*

“Under the influence of these measures all branches of industry will assume their old and accustomed regularity and success. All

" departments of labor will call for employés, to whom such wages will be paid as the business will warrant and the parties can agree upon. If a surplus of unemployed laborers still remains there are open to all in this great country countless millions of fertile acres of land upon which every industrious man can be sure of securing, for himself and family, at least a comfortable subsistence. One of the greatest evils resulting to the laboring men, from the false and delusive appearances which have been displayed before them, is that they have been induced to leave the safe, peaceful and independent walks of agriculture to congregate in the large cities, and there to watch and wait for something that they fancy might yield them larger returns than they could hope for from the cultivation of the soil. But, by following faithfully and earnestly the road here indicated, it will not be very long before business and trade will be restored to their natural channels, and laborers receive full employment with fair wages."

#### Strong Testimony of the New York Press.

The New York journals, but lately commenting on the position of their commerce, call attention to the fact, that in one month FORTY-SIX steamers sailed from the port of New York, laden with American produce, under foreign flags, and NOT ONE owned by American citizens. And whereas in 1855 there were engaged in the trade between America and the United Kingdom 1,854,308 tons of American shipping, in 1875 there were engaged barely 736,338 tons? Whereas in 1855 there were employed in the same business, 420,268 tons of British shipping, in 1875 there were 3,643,184 tons? And in 1876 out of a total export and import trade of \$1,268,741,702, no less than \$926,715,044 were carried by foreign vessels!!!

#### The Vagrant Exhibit under Protection.

Or, if you prefer, descend to more minute particulars. Let us take the position of the far vaunted state of Massachusetts. The statistics of vagrants relieved show—

1873.....	45,643
1874.....	98,263
1875.....	137,208
1876.....	148,936

#### The Value of Property Depreciated Thereby.

And in this, the chief manufacturing state of the union, the famous Salisbury cotton mills, put up to auction a few days ago, known as perhaps the best mill property in the state of Massachusetts, having cost \$1,200,000, were sold for \$100,000, being precisely thirteen and a half cents in the dollar on their original cost, by way of pendant, we suppose, to the fate of the woollen mill establishment cited by Mr. Wells.

Surely in these statements, and they may be multiplied *ad infinitum*, there is proof that he that runs may read of all that Protection has done and is doing for the people of the United States; and that forsooth, is the policy which is held up to the admiration of Canadians in general, and the people of Ontario in particular!

## Canada as an Importer and Exporter.

But let us see *what Canada imports, and what Canada might profitably make*. We are told that Canada could manufacture sixty million dollars worth of the articles she now imports. Well, in the first place there is every reason to believe that this statement is monstrously exaggerated; and that without an absolutely prohibitory tariff, Canada could not manufacture at the outside more than thirty millions worth of goods. This would give twenty-three thousand (23,000), instead of forty-six thousand (46,000) operatives, as claimed by the advocates of protection; and of all these operatives probably not one-third, that is about eight thousand (8,000) would be men, the remainder being women and children, often of very tender years. The wages of these people would not average more than from a hundred to a hundred and twenty dollars a year, if we pay them as in England, and the total wages which they would receive would probably be about three millions (3,000,000). Yet we are gravely told that, directly and indirectly, these twenty-three thousand persons, receiving wages to the extent of about three millions dollars (3,000,000) a year, would suffice to maintain an additional population of two hundred and thirty thousand (230,000) souls! If this be so, it would follow of necessary consequence that each of the aforesaid two hundred and thirty thousand would have to be supported on an average of from TEN TO TWELVE DOLLARS A YEAR! It would follow, also, that if it be true that twenty-three thousand operatives, of whom barely one third are men, and the remainder women and children, are worth a population of nearly a quarter of a million to the country, that the SIX HUNDRED THOUSAND able-bodied farmers, fishers, seamen, and lumbermen, whom the census returns showed to be employed in Canada in 1871, and whose wives and families are (at any rate in the case of the farming population), very considerably engaged in the actual work of production, should give employment to a population of FIFTEEN MILLIONS instead of three and a half. For surely if these eight thousand full-grown male operatives, *plus* their families, represent, as these people would have us believe, directly and indirectly, nearly a quarter of a million, it is certainly not too much to say that ten thousand farmers and their wives and families (who are quite as usefully and quite as profitably employed as the wife and family of any ordinary English operative), are worth quite as much. And few who know anything of the position of the yeomanry of Canada, and especially of the yeomanry of Ontario, will hesitate to say that every individual farmer and his family (in the province of Ontario, at any rate), add quite as largely to the national wealth, give indirect employment to quite as many people, and are capable of supporting quite as large a population, as any English family employed in factory work that ever existed. Similarly, if it be true that the manufacture of sixty millions worth of goods would give employment directly and indirectly to four hundred and sixty thousand (460,000) souls, it is equally clear, repeating the calculation as before, that the employment of six hundred thousand (600,000) farmers and seafaring men, would likewise give employment to about fifteen millions (15,000,000) of souls. Or, take it in another method of calculation, if the disbursement of three millions in wages is going to produce all these beneficial results, what injury would result from the violent subtraction from the earnings of the people of



Canada, under the operation of heavy additional taxation, of some ten or twelve millions of dollars in amount?

#### How Protection would Destroy the Revenue.

For if it be true, as these people tell us, that they cannot manufacture goods under the operation of a 17½ per cent tariff, which involves, at the very least, a bounty of two hundred and twelve dollars per head for every man, woman and child employed in any manufacture requiring such a tariff for its continuance; and if, as requested by these persons, the tariff be raised sufficiently high to exclude sixty millions worth of goods which it is proposed to manufacture in this country, and which it is alleged cannot be manufactured except under the shadow of a protective tariff, it is at least equally clear that the loss to the people of Canada will amount to from ten to twenty millions of dollars accordingly as thirty or sixty millions worth of goods we now import, may chance to be excluded; and that if the disbursement of three millions of dollars is going to give employment directly and indirectly to 230,000 people, the loss of ten millions of dollars of the earnings of the people will, by parity of reasoning, throw out of employment some 700,000 souls.

#### What Increased Protection would Cost Us.

Why, accepting the calculation of that (at present) distinguished advocate of Protection, Mr. Thomas White, of the *Montreal Gazette*, it follows that at this moment every Canadian manufacturer has an advantage over his English or American competitor, to an extent of twenty-two and a half per cent (22½ per cent.) of the original value of the goods. So that before foreign manufacturers can sell those sixty millions of dollars worth of goods in our markets, they must submit to a fine of thirteen and a quarter millions (\$13,250,000), most of which at present goes into the national treasury. This, say our protectionist friends, is not sufficient. Instead of thirteen and a quarter we demand eighteen or twenty millions, to be paid necessarily out of the earnings of all that portion of the people of Canada who do not manufacture these particular articles. And for what? Grant that we can manufacture these sixty millions (\$60,000,000) worth, and that we thereby give employment to forty-six thousand operatives, men, women and children, there is not one particle of evidence to show that these forty-six thousand would support any larger proportion of people, directly or indirectly, than the 1,069,849, shown by our census to be at present employed in various occupations in Canada. On the contrary, looking to the number of adult males employed, the presumption is very strong that they would support relatively a very much smaller number. Now, if one million could be engaged mainly in productive and industrial occupations, support about three and a half millions (3,500,000) of people, it follows plainly enough that forty-six thousand operatives would support, not four hundred and sixty thousand (460,000), but about one hundred and forty thousand (140,000) souls, all told. And even allowing, which is a high estimate, that these hundred and forty thousand souls would consume forty dollars worth per head of farm produce per annum (being at the rate of over two hundred dollars worth per family), the farmers of Canada would, at the outside, get the advantage of selling, not twenty-three millions (\$23,-



600,000) but five millions six hundred thousand (\$5,600,000) worth of farm produce to these people. And as even on the protectionists' own showing, the sole possible advantage that could accrue from selling those articles here, in place of abroad, would be the saving of the freight, amounting perhaps to, say six hundred thousand dollars, (\$600,000), we would arrive at this very remarkable result that for the sake of a most problematical profit of five or six hundred thousand dollars, the farmers of Canada are invited to submit to an increased taxation ranging between EIGHTEEN AND TWENTY MILLIONS (\$18,000,000 to \$20,000,000) per annum, being a dead loss at the rate of about FORTY DOLLARS for ONE DOLLAR!

#### **The Loss to Our Shipping Interests by Protection.**

Neither is this all, for it must be remembered that the effect of all these violent changes would be as clearly proved by the example of the United States, to reduce enormously the quantity of our shipping and the number of men employed in the carrying trade between this and other countries. Supposing our loss from these sources amounted to barely twenty-five thousand (25,000) men, seamen and carriers, thrown out of employment, we would have (as these are almost always full-grown men with families depending on them), a loss of one hundred and twenty-five thousand (125,000) souls, to set-off against the gain of one hundred and forty thousand (140,000), not to speak of the enormous diminution of purchasing power on the part of the great bulk of the people of Canada, caused by the violent subtraction of eighteen or twenty millions of dollars from their ordinary earnings.

#### **Protection to Towns, Villages, and Cities.**

Touching the "advantages of protection to villages, towns, and cities," in any case, unless a large increase of the farming population occurs, we possess to-day, as shown by our census returns, quite as many as the country requires. And so far from its being desirable to artificially stimulate their growth by laws which would deliberately divert both labour and capital from the useful and honourable pursuits of agriculture and ordinary mechanical work, to crowd our people into towns and cities. It is a well-established fact that no one thing has done more to delay the real progress of this country, and to prevent it from reaping the full benefit of its great natural resources, than the disposition of too many of the farming population to abandon agriculture, for the purpose of engaging in professional and mercantile pursuits. What we really want is more men and more capital employed in agriculture, conducted on more scientific principles; and no man can well commit a more unpatriotic act, or one more certain to inflict untold misery on his dupes, than to induce men who are able to obtain an honest livelihood by farming, to exchange so safe and respectable an occupation for the doubtful chances of city life. Commercial statistics show with the greatest plainness that the chances of success as between a farmer and a merchant, are very nearly a hundred to one in favour of the former; that for one farmer of ordinary industry and capacity who becomes bankrupt, twenty merchants are found to fail in business; and that the number of farmers who amass a comfortable competence is out of all proportion larger than that of merchants or professional men who are able to leave any visible property behind them.

### Protection and Direct Taxation.

Then we are told that "protection does not cause direct taxation." That is to say that, deriving over three-fourths of our revenue from duties on imported goods, we could stop the importation of these goods and yet supply the gap in the revenue from Heaven knows what undiscovered horn of plenty. This is mere childish folly. For every million's worth of imported goods which you refuse to admit into the country through the medium of a protective tariff, you lose about two hundred thousand dollars (\$200,000) of revenue, and this must be made up from taxes imposed on something else. Now, as we cannot raise the taxes on any class of goods beyond a certain easily defined point without losing instead of gaining revenue, we have no chance whatever of making up the deficiency by further indirect taxes. As we must obtain the means of paying the interest on our national debt, the subsidies to our provinces, and carrying on the necessary expenditure of Government, there remains no other resource except direct taxation of the most formidable kind, impairing your energies, and exposing you at every turn to the inquisitorial visit of the tax-gatherer. While to those who are constantly proclaiming that protection after all is not going to raise prices but to lower them, it is sufficient to point to the example of the United States, where, after twenty years of protection, so far from being able to dispense with the high rate of tariff they at present possess, every protected interest in the country is combining together to defeat the smallest proposed reduction in the present tariff.

### Protection does not lower the cost of Production.

Surely the stupidest of huck politicians cannot fail to see that if there was one word of truth in the statement that protection can permanently lower prices, all these manufacturers ought long since to have been able to dispense with their protective tariff, and to compete fairly in open market with their English competitors. Unhappily, the case is far otherwise. It may be true that one of the most deplorable results of artificial interference with the ordinary laws of trade has been to bring so many men and so much capital from their ordinary natural fields of industry into particular occupations as to have reduced the operatives to a condition in which they are fain to work for any wage that will barely keep body and soul together, and to render the capital employed not only almost, but absolutely, unremunerative. And it is quite possible that under such circumstances, as in the case of other bankrupt concerns, the unhappy manufacturer in sheer despair, may be obliged to dispose of his goods at ruinous figures. But if there were a particle of truth in the assertion that protection *per se* enables the manufacturer to permanently reduce the cost of production, and it is only by permanently lowering the cost of production that he can permanently reduce the price of his goods, then the inevitable inference would be that he could afford completely to dispense with the protection afforded by this mis-called protective tariff.

### Increase of American and Canadian Population Compared.

But they point to the increase of population in the United States. Well, it is true that so long as the United States possessed a very large

amount of unoccupied fertile land, the population of the western states did continue to increase in a rather rapid ratio. But it is distinctly untrue that the population of any of the older States, in spite of protection, has increased one whit more rapidly than that of the Dominion of Canada under its present tariff. The United States returns show that the population of Maine in 1860, was 628,279; in 1870, 626,915. The population of Vermont was 315,098, in 1860; and in 1870, 330,551. The population of New Hampshire was 326,073 in 1860; and 316,330 in 1870. The population of New York was 3,880,733, in 1860; and 4,387,646 in 1870; while even in Massachusetts it was 1,231,066 in 1860, and 1,457,351 in 1870. In other words, the population of all these States collectively increased much more slowly than that of the Province of Ontario, or even the Province of Quebec. And even in Massachusetts the population does not appear to have increased one whit more rapidly than in the case of Nova Scotia, where it rose from 330,857 in 1861, to 387,000 in 1871. Truth to tell, the only thing which appears to have increased with unexampled rapidity in the United States, was the amount of municipal taxation, which rose so rapidly under the operation of protective laws, that in one hundred and thirty-one cities of which we have authentic records, the taxation for municipal purposes had risen from \$66,000,000 in 1865, to \$112,000,000 in 1875; and in which about one quarter of their population had been reduced to a condition of abject destitution. While as to the statement that England had prospered under a highly protective system, nothing could be more utterly at variance with the actual facts of the case, as depicted by English writers of the highest authority.

#### England Depressed under Protection.

All parties, no matter in what else they differ, agree in this—that the period preceding the introduction of a Free Trade policy in England, was one of the most terrible distress. Mr. Noble, a writer of great eminence on these subjects, says expressly:—

#### Mr. Noble's Testimony.

“Every interest in the country was alike depressed. In the manufacturing districts, mills and workshops were closed, and all property depreciated in value. In the seaports, shipping was laid up useless in the harbours. Agricultural labourers were eking out a miserable existence upon starvation wages and parochial relief. The revenue was insufficient to meet the national expenditure, and the country was brought to the verge of national and universal bankruptcy.”

#### Lord Macaulay gives a Similar Picture.

In a speech delivered at Edinburgh in 1845, Lord Macaulay says: “So visible was the misery of the manufacturing towns, that a man of sensibility could hardly bear to pass through them. Everywhere he found filth, and nakedness, and plaintive voices, and wasted forms, and haggard faces. Politicians who had never been thought alarmists began to tremble for the very foundations of society. First the mills were put on short time. Then they ceased to work at all. Then went to pledge the scanty property of the artisan; first his little luxuries then his comforts, then his necessaries. The hovels were stripped till they were as bare as the hovel of a dog-ribbed Indian. Alone, amidst the general misery, the shop with the three golden balls pres-

"pered, and was crammed from cellar to garret with the clocks, and the tables, and the kettles, and the blankets, and the Bibles of the poor. "I remember well the effect which was produced in London by the unwonted sight of huge pieces of cannon which were going northward to overawe the starving population of Lancashire."

#### England Prosperous under Free Trade.

Since then, under a wise free trade policy, England has made immense strides. It took her 300 years, under protection, to export goods to the extent of £30,000,000. In thirty years, under free trade, her exports have risen to £210,000,000, and her total trade from less than £120,000,000 to more than £600,000,000, being an increase of 500 per cent. in less than half an ordinary life-time.

Are these lessons to be lightly set aside by the people of Canada? Is it not enough to look at the position of the United States this day.

#### Recapitulation of the Results of Protection in the United States.

They have had protection—all the protection they could ask for—during 20 years or thereabouts, and what has it done for them? It has raised the municipal taxation of 131 cities, with a population of 8,500,000 to \$112,000,000 a year for those purposes only, being at the rate of \$70 PER FAMILY PER ANNUM.

It has all but utterly stopped emigration to the United States.

It has wasted TEN THOUSAND MILLIONS of dollars of capital.

It has plunged FOUR MILLIONS OF PEOPLE into destitution.

It has ruined the whole foreign-American shipping trade.

It has created a system of rings, of log rolling, and of legislative corruption heretofore unparalleled in the annals of any legislative body.

It has stimulated the spread of Socialistic and of Communistic doctrine of the worst kind.

It has, to a very great degree, destroyed one of the greatest safeguards of American society, by altering the system of distribution of property and by creating a small number of gigantic fortunes at the expense or the impoverishment of large masses of the people.

All these evils and many more it has effected beneath our very eyes, and yet it is to a country in this condition, and reaping the bitter fruits of its past legislative follies, that we are bid to look as a model and an example of what Canadian legislators should follow!

**Shall Canadians "Look to Washington" for a Fiscal Policy and adopt this "Yankee Notion" of Protection?**

Has Canada sunk so low that her only idea of a "National Policy" is to borrow the worn out and tattered rags of American protection?

#### Our True Motto.

Or will Canada not rather resolve, if she must follow Yankee precedents at all, to adopt the nobler motto which, in better days, truly patriotic Americans were wont to inscribe on their political banners, and to determine that, here at least, in the future as in the past, we should continue to possess

"Free laws"

"Free soil."

"Free trade"

"Free men."

\* (i.e.) A Revenue Tariff, the nearest approach to it possible in Canada.

