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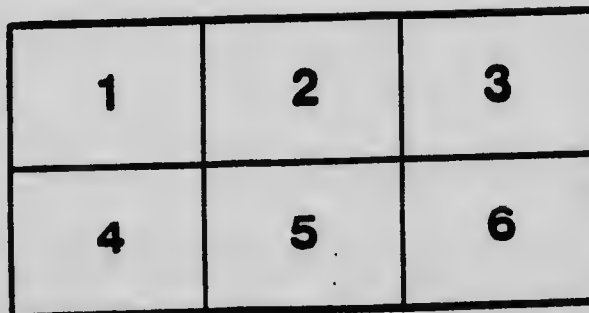
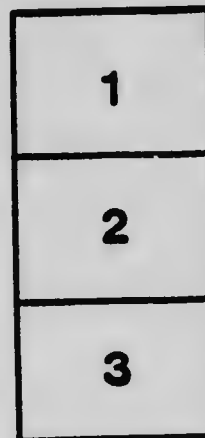
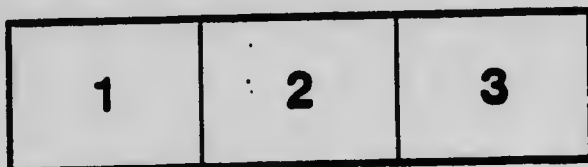
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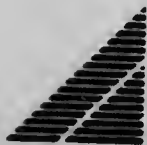
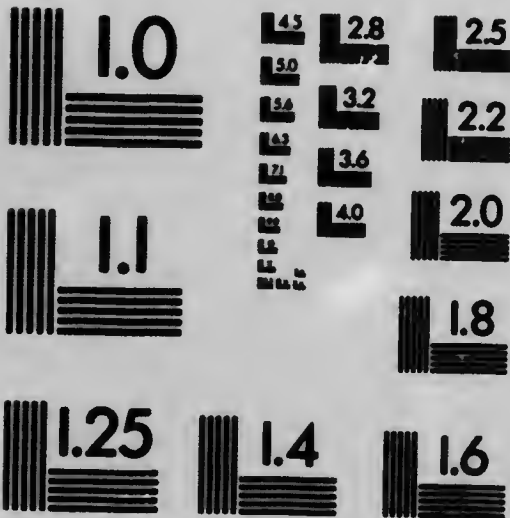
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2

Protection and Prices  
and the  
Farmers' Home Market

BY  
WATSON GRIFFIN

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#### EXPLANATORY NOTE

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THE ARTICLES BOUND UP IN THIS VOLUME WERE PUBLISHED AS EDITORIALS IN "INDUSTRIAL CANADA" DURING THE YEAR 1903 AND THE FIRST FIVE MONTHS OF 1904. THEY REFER TO THE CONDITIONS EXISTING IN CANADA DURING THIS PERIOD.

## THE FARMERS' HOME MARKET

**T**HE three great Canadian crops that can be most cheaply handled by railways and steamships are wheat, oats and barley. The Statistical Year Book for 1903, issued by the Dominion Government, gives the quantity of these produced in Ontario, Manitoba and the Northwest Territories for the year 1902. The statistics of farm production for Quebec and the Maritime Provinces for that year are not given in the Year Book. The figures for Ontario and the Northwest are as follows :

Wheat	
Ontario .....	26,081,693 bushels
Manitoba .....	53,077,267 "
Northwest Territories....	13,956,850 "
Total .....	93,115,810 "
Oats	
Ontario.....	106,431,439 bushels
Manitoba ....	34,478,160 "
Northwest Te.....	10,661,295 "
Total.....	151,570,894 "
Barley	
Ontario .....	21,890,602 bushels
Manitoba .....	11,848,422 "
Northwest Territories.....	870,417 "
Total.....	34,609,441 "

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The Trade and Navigation Reports show that the total Canadian wheat exports to all countries for 1902 amounted to only 26,117,530 bushels and that 1,086,648 barrels of flour were exported. Assuming that it takes  $4\frac{1}{2}$  bushels of wheat to make a barrel of flour, the Canadian exports of wheat and flour would together require 31,007,446 bushels of wheat. Only 457,117 bushels of Canadian barley and 5,030,123 bushels of Canadian oats were exported. That is Ontario and the Northwest produced three times as much wheat, thirty times as much oats, and forty-seven times as much barley as the whole Dominion of Canada exported. What became of the balance of these crops? They were consumed in Canada. The home market for these farm products was therefore of much greater value to our farmers than all other markets. This being the case with crops so easily transported and so easily preserved in good condition as wheat, oats and barley, it is evident that for perishable farm products such as fruits, vegetables, butter, eggs, etc., the home market must be absolutely indispensable to our farmers.

In 1902 the United Kingdom imported from all countries 151,061,654 bushels of



wheat and 10,907,791 barrels of flour, so that the British imports of wheat and flour from all countries were equal to about 200,146,713 bushels of wheat. In 1902 the Canadian Northwest produced 67,034,117 bushels of wheat. Therefore it would only take about three times as much wheat as was grown in the Canadian Northwest that year to supply all Britain's present requirements even if imports from all other countries were shut off. The acreage devoted to wheat culture in the Canadian Northwest was 2,665,698 in 1902 as compared with 1,870,260 acres in the year 1900, an increase of over forty-two per cent. in two years. The homestead entries for the year ending June 30, 1903, numbered 31,002 as compared with 14,289 for the year ending June 30, 1902, and there is reason to believe that the annual influx of settlers will steadily increase, as the people of the United States and Europe have discovered the Canadian Northwest. It has been estimated that there are in our Northwest 200,000,000 acres of land capable of producing wheat. Professor Macoun, the eminent botanist, who has made a most careful study of the climate and soil of the whole Canadian Northwest, estimates that

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after deducting lakes, rivers, swamps and bad lands there are at least 150,000,000 acres of land suitable for growing the very finest grades of wheat, that is over fifty-six times the area planted with wheat in 1902. With the same yield per acre as in 1902 that acreage would yield about 3,754,000,000 bushels of wheat, that is over eighteen times as much as Britain now imports. Taking into consideration the extraordinary development that is now going on in the Canadian Northwest and the rapid increase in the acreage devoted to wheat culture, it seems probable that in a very few years our Northwest will produce more wheat than Britain now imports. As the United States has large quantities of wheat for export and there are a number of other wheat producing countries, there is danger that Canadian farmers may have a surplus of wheat on their hands unless the home market is developed by the encouragement of manufacturing industries.

The farmers of the United States in 1902 produced 670,063,000 bushels of wheat, of which about 75,000,000 bushels were exported to Britain and about 48,000,000 bushels were converted into flour for export to Britain. Small quantities were exported to other

countries, but the greater part of the crop had to be consumed at home. It was the same with corn. The greatest quantity of corn ever exported from the United States in any year was 209,348,000 bushels. In 1902 the corn crop of the United States was estimated at 2,523,648,312 bushels. Suppose that the United States had no home market and that those enormous quantities of wheat and corn were thrown on the world's markets, what would be the effect on prices? Wheat and corn would be almost as cheap as they were in Ohio in 1823, before the adoption of the protective tariff, when forty bushels of wheat were given for a pair of boots. Fortunately the farmers of the United States were wise enough to support a policy of protection which built up manufacturing industries and created a home market while their wheat and corn areas were being developed.

The Canadian West has more arable land than the Western States, but the climate is not favorable to Indian corn, so that the area devoted to wheat will be far greater than in the United States when our West is fully under cultivation. The wheat fields of the Canadian West will probably exceed the corn fields of the Western States in

area and production in the not distant future. It will be impossible to market such immense quantities of wheat abroad, and unless the growth of population in our towns and cities keeps pace with the development of the farming areas, thus creating a home market for all the products of the farm, there is likely to be such a glut of farm products that the condition of Canadian farmers will be little better than that of the peasants of India or China.

#### OUR CHEESE EXPORTS

Already Canada exports almost enough cheese to satisfy British import requirements. According to British returns the total imports of cheese from all countries for the calendar year 1902 amounted to 285,195,008 lbs., and the Canadian Government returns show that the exports of Canadian cheese for the fiscal year 1902 amounted to 200,946,401 lbs., of which 200,392,350 lbs. went to Great Britain. In 1903 the total quantity exported was 229,099,925 lbs., of which 228,394,482 lbs. went to Great Britain. There is evidently not much room for expansion in cheese exports. According to the census Quebec Province alone produced 80,630,199 lbs. of cheese in 1901 and the production is steadily increasing.

For most of the Canadian farm products the latest figures for the whole Dominion available at the time of writing are those for 1901, given in the Dominion census.

**CANADIAN CONSUMPTION OF BUTTER**

Canada's total exports of butter amounted to 16,656,279 lbs. in 1901, to 27,889,907 lbs. in 1902, and to 34,146,917 lbs. in 1903. But Canada produced 141,026,229 lbs. of butter in 1901 according to the Dominion census. That is, the quantity of butter consumed in the home market was more than eight times as great as the quantity exported in 1901.

The quantity of butter made in the different provinces was as follows :

Ontario.....	62,938,110	lbs.
Quebec.....	42,982,188	"
Manitoba .....	10,183,343	"
Nova Scotia .....	9,331,142	"
New Brunswick.....	8,130,347	"
Northwest Territories..	4,012,751	"
Prince Edward Island..	1,960,332	"
British Columbia .....	1,488,016	"

Total for the Dominion..141,026,229 "

**THE EGGS WE EAT**

The total exports of eggs from Canada amounted to 11,363,914 dozen in 1901, to 11,639,755 dozen in 1902, and 7,415,148 dozen in 1903. But according to statements made by Canadian farmers to the Dominion

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Government census enumerators, their hens laid 84,132,802 dozen eggs in the year 1901. Thus the home market took more than seven times as many eggs as were exported. The egg production of the different provinces in 1901 was as follows :

Ontario.. .. .	49,779,845	doz.
Quebec .. . . .	15,502,415	"
Manitoba .. . . .	5,038,062	"
Nova Scotia .. . . .	4,419,239	"
New Brunswick .. . . .	3,120,012	"
Prince Edward Island..	2,426,251	"
Northwest Territories..	2,197,237	"
British Columbia .. . . .	1,651,741	"

Total for Dominion 84,134,802 "

### THE HOME MARKET FOR POTATOES

A crop grown extensively in all the provinces of the Dominion is potatoes. The total exports of potatoes amounted to 891,154 bushels in 1901, to 1,333,554 bushels in 1902, and 662,634 bushels in 1903. According to the Dominion census the total Canadian production of potatoes in 1901 was 55,362,815 bushels. That is, the home market for potatoes was 62 times as valuable as the foreign market. Prince Edward Island alone produced more than five times as many potatoes as were exported from the whole Dominion. The production in each of the provinces was as follows :

**THE FARMERS' HOME MARKET 11**

Ontario.....	20,042,258	bus.
Quebec.....	17,135,739	"
Prince Edward Island ..	4,986,633	"
New Brunswick.....	4,649,059	"
Nova Scotia .....	4,394,413	"
Manitoba .....	1,920,794	"
Northwest Territories..	1,277,793	"
British Columbia.....	956,126	"
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Total for Dominion....	55,362,815	"

**CANADA'S TOBACCO FARMS**

The exports of Canadian tobacco leaf amounted to 39,352 lbs. in 1901, but were only 6,985 lbs. in 1902, and 37,509 lbs. in 1903, while according to the Dominion census 11,266,732 lbs of tobacco leaf were produced on Canadian farms in 1901. The province of Quebec alone produced 194 times as much tobacco leaf as was exported from the whole of Canada. The tobacco production of the different provinces was as follows :

Quebec.....	7,655,975	lbs.
Ontario .....	3,503,739	"
British Columbia.....	61,830	"
Prince Edward Island..	30,994	"
Northwest Territories..	6,682	"
Manitoba .....	6,365	"
New Brunswick .....	587	"
Nova Scotia .....	560	"
<hr style="width: 20%; margin: 0 auto;"/>		
Total for the Dominion..	11,266,732	"

THE HAY CROP

The exports of hay from Canada amounted to 252,979 tons in 1901, to 434,807 tons in 1902, and 450,066 tons in 1903. But, according to the Dominion census, Canada produced 8,252,631 tons of hay in 1901. The hay production of the different provinces was as follows :

Ontario.....	2,852,465	tons
Quebec.....	2,581,823	"
Northwest Territories..	831,157	"
Nova Scotia .....	658,330	"
New Brunswick.....	512,584	"
Manitoba.....	477,759	"
British Columbia .....	170,187	"
Prince Edward Island ..	168,326	"
<hr/>		
Total for Dominion ..	8,252,631	"

THE CLIP OF WOOL

In 1901 exports of Canadian wool amounted to 1,043,673 lbs., in 1902 to 1,972,772 lbs. and in 1903 to 2,527,150 lbs. But the total production of wool in Canada in 1901, according to the Dominion census, was 10,657,597 lbs. The wool production of the different provinces was as follows :

Ontario.....	5,017,585	lbs.
Quebec .....	2,772,894	"
Nova Scotia.....	872,544	"
New Brunswick .....	709,816	"
Northwest Territories....	626,502	"



## THE FARMERS' HOME MARKET 13

Prince Edward Island ..	420,438 lbs.
Manitoba .....	137,469 "
British Columbia .....	100,349 "

Total for the Dominion..10,657,597 "

Since 1901 there has been a very large increase in the wool clip of the Northwest Territories, and it is likely to exceed that of any of the Eastern provinces in a few years.

### MAPLE SUGAR

An important product of many farmers, especially in Quebec Province, is maple sugar. The total Canadian exports of maple sugar and syrup amounted to 899,819 lbs. of sugar and 2,615 gallons of syrup in 1901; 1,205,628 lbs of sugar and 1,421 gallons of syrup in 1902; 2,741,669 lbs. sugar and 1,748 gallons of syrup in 1903. But the Canadian production of maple sugar in 1901 according to the Dominion census was 17,804,825 lbs., and Quebec province alone produced 13,564,815 lbs.

### THE APPLE CROP

Of all Canadian fruits, apples can be the most easily kept in good condition and most conveniently transported to distant countries. Yet only 516,215 barrels of apples were exported to all countries during the fiscal year 1902, although Ontario's apple crop alone that year was estimated by the Gov-

ernment to be 48,185,125 bushels, or over sixteen million barrels. That is, Ontario produced about thirty-one times as many barrels of apples as were exported from the whole Dominion of Canada in 1902. It is true that 1,685,460 lbs. of dried apples were exported, but this would represent a very small proportion of the apple crop. In 1903 the export of apples was considerably greater than in 1902, being 1,000,565 barrels of fresh apples, and 7,795,410 lbs. of dried apples. The Maritime Provinces, Quebec and British Columbia, as well as Ontario, produce large quantities of apples, and new orchards are being planted every year. In 1901 Quebec Province produced over two million bushels of apples according to the census. The Annapolis Valley of Nova Scotia is famous for its apples. There are estimated to be in Nova Scotia and Prince Edward Island over 2,178,000 apple trees. Many of these are not yet bearing, but will be in a few years. Nova Scotia produced 2,065,104 bushels of apples in 1901 according to the Dominion census. The average yield in Ontario in 1902 was estimated to be 6.86 bushels per tree of bearing age. With half that yield in Nova Scotia and Prince Edward Island when all

the trees now planted are of bearing age, those two provinces alone will produce about four times the quantity of apples exported from the whole of Canada in 1902. British Columbia will be a great fruit producing Province in a few years. The total quantity of apples imported by Great Britain from all countries during the year 1902 was 318,494,500 lbs. The Canadian railways estimate that the average barrel of Canadian apples weighs 160 lbs, and charge freight at that rate. Assuming this estimate to be correct, the total British imports from all countries in 1902 were equal to about two million barrels of Canadian apples. As Ontario alone produced in 1902 over sixteen million barrels of apples, it is evident that Canadian apples would have to rot on the trees or on the ground if there were no home market.

For perishable fruits, vegetables, meats and poultry the showing for the home market as compared with the foreign is even more favorable.

There are many perishable farm products that cannot be profitably shipped to great distances, and these are the very things out of which the farmer makes the most money if his farm is located near a manufacturing town or city.

If the Canadian farmer could always get for his products the price that the distant consumer pays for them he would soon grow rich. The difference between the price the farmer gets and the price the consumer pays is partly made up of transportation charges and partly of middlemen's profits. The farther the market is from the farm the greater the cost of transportation and the larger the number of middlemen there are to share the profits.

Immense as the home consumption of Canadian farm products actually is, it would be far greater but for the fact that our low tariff allows many millions of dollars' worth of American farm products to come into Canada.

Who are the home consumers of farm products? Chiefly the people living in the cities, towns and villages which are built up by manufacturing industries. It is manifestly in the interest of the farmers of Canada to increase the manufacturing population in order to develop the home market.

We buy in the United States and other foreign countries every year many millions of dollars' worth of goods that could be made just as well in Canada. Canada is especially equipped by nature to become a

great manufacturing nation. Our water powers are unequalled ; we have more valuable timber areas than any other country ; we have immense deposits of coal, iron, copper, nickel, lead and all the precious metals. Nearly all the raw materials required for manufacturing can be obtained in the country from our mines, our forests and our farms, and the raw materials that cannot be obtained within the country can easily be imported from abroad. The workmen now employed in cities of the United States making goods for Canadian consumption get their food supplies from American farmers. If the goods were made in Canadian factories the workmen would purchase from Canadian farmers nearly all their food supplies excepting a few oranges, bananas and other products of hot countries that cannot be grown in Canada. They would give the Canadian farmers a home market that could always be depended upon and the work of the farm could be carried on with a sense of security and a certainty of profit that will always be lacking so long as our farmers must depend upon the uncertainties of a fluctuating foreign market.

Every extension of a Canadian manufacturing industry giving employment to more workingmen increases the home demand

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for farm products and benefits the Canadian farmer. If the request of the Canadian manufacturers for increased protection is granted instead of the money of our farmers going over to the United States to pay American workingmen it will remain in Canada and be paid out in wages to Canadian workmen, who will send much of it back to Canadian farmers in payment for food.

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HAS OUTGROWN IT



Jack Canuck—The suit you made for me in 1897, Mr. Fielding, is too small for me now. I must have a larger one. If you have not cloth enough I must go to another tailor.





## PROTECTION AND PRICES

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**F**REE traders and advocates of a tariff-for-revenue-only seem to agree in thinking that the only object of a protective tariff is to enable manufacturers to increase their prices, and that if they fail in doing this it is of no use whatever to them. They cannot see how the importation of foreign goods, free of duty, or at a low rate of duty, can injure our home manufacturers, unless such importation forces down the price of home products. They say to the manufacturer: "If you can sell your goods as cheaply as the foreign manufacturer, why do you want protection?"

To many unthinking people that seems an unanswerable argument. But, in fact, it is a very poor argument, and shows complete ignorance of the best known laws of production. They entirely overlook the fact that when manufacturing is carried on upon a large scale goods can be turned out more cheaply than when it is done on a small scale.

The managing director of one of the Nova-Scotia coal companies said a few

years ago that the machinery in the mines under his control cost several million dollars, and he pointed out that in order to be a paying investment the mine must yield interest on the money invested in this machinery, as well as repay the amount expended in wages. Consequently the larger the number of men employed and the greater the output of the mine the cheaper they could afford to sell the coal. It is easy to see that if foreign coal came into this country and took the place of the Canadian coal to such an extent as to reduce the output of the mines one-half it would greatly injure the owners of the mines and the workmen employed by them, even if the price of coal per ton remained precisely the same as before. On the other hand, if by reducing the imports of foreign coal the output of the mines could be doubled, the price to the consumers might be decreased and the wages of the miners increased without any loss to the mine owners. The same thing is true in every line of production. The larger the number of articles of the same kind turned out of one establishment, the cheaper each of them can be sold.

A great many factors have to be taken into consideration in estimating the cost of production. First of all there is the interest

on the capital invested in land, buildings and machinery. This remains precisely the same whether the machinery is in full operation or not. Raw materials can be purchased more cheaply in large quantities than in small quantities. The expenses of office management and of travelling salesmen are less in proportion when the output is large than when the output is small.

It stands to reason, then, that if, owing to insufficient protection, foreign manufacturers bring their goods into this country and share the limited market with our home manufacturers to such an extent that the latter have to run at half their capacity it will not only injure the Canadian workmen, who will be thrown out of employment, but the profits of the manufacturers will be cut down without any decrease in the price to the consumers. But if by increasing the protective tariff we can enable the home manufacturers to double their present output they can afford to increase the wages of their workmen, lower prices to the consumers and still make more money than they now do.

It is true that a large importation of foreign goods during a period of depression may temporarily cause a reduction in prices to the consumer, but the experience of both

the United States and Canada under low tariffs proves that when the home factories are closed down as a result of foreign competition the foreign manufacturers usually raise the price so that the consumers get no benefit.

About thirty years ago David H. Mason, an American protectionist, referring to the effect of protection on prices, said :

"If a man makes 100 tin pans a week, which he must sell at an average profit of twenty-five cents in order to carry on his business and live, he would be far better off if he could make and sell 10,000 pans a week at a profit of one cent each; for he would gain in the former case only \$25, in the latter \$100. Not only would he benefit his customers, he would also give increased employment and wages to labor. Every additional mechanic he would employ would require additional food, clothing, etc., to be supplied by somebody else. By such interaction and reaction all persons willing to labor may ultimately find steady employment and good pay. Then each produces something to be exchanged for something else. The greater the number of commodities produced, the greater, other things being equal, will be the number of exchanges. Commerce tends, therefore, to grow with the increase of production; and production tends to increase under a high protective tariff."

Free traders always assume that under a protective system the whole duty is added

to the price, and that thus the consumer always pays the duty. If the protectionists were as unfair and inaccurate in their arguments, they would declare with equal positiveness that the foreign producer paid the whole duty in every case, and they would be just as near to the truth.

However, protectionists try to be fair. They never pretend that a protective tariff does not tax the people at all. But they do believe that taxation is often far less oppressive with a high tariff than with a low tariff.

Taxes must be imposed in some way, for revenue must be obtained to carry on the Government of the country, to build railways, canals and other public works. If the money for such purposes is not raised by means of a customs tariff, it must be taken directly out of the pockets of the people by tax collectors. The aim of protectionist statesmen is to so adjust the tariff that, while yielding sufficient revenue, it will encourage the establishment of home industries, furnishing varied occupations for the people and creating a home market for farm products.

If an article is not produced in the country whatever duty is imposed is usually added to the price. If the tariff is not high

enough to cause the establishment of home industries the whole of the duties will continue to be added to the price ; if the tariff is just high enough to cause the establishment of an industry on a small scale, but not high enough to encourage manufacturing on a large scale, the greater part of the duty is commonly added to the price ; but when the tariff is high enough to ensure manufacture on a large scale within the country, home competition will sooner or later make the price as low or very nearly as low as it would be if there were no duty at all. Then if the foreign manufacturer wishes to do business in the country he must lower his price to meet the price of the home manufacturer, and so he practically pays the duty instead of the consumer. Sometimes the price is even lower on account of home competition, induced by a high tariff, than it would be if there were no duty at all and no home manufacturers. So protectionists believe that when the tariff is high enough to afford adequate protection it is the least oppressive of all methods of taxation.

But if the tariff is too low to afford adequate protection to home industries, there is not sufficient home production to bring down the price, and then the whole duty must be paid by the consumer. So

prices are often higher under a low customs tariff than under a high tariff. With low protection the competition comes from outside the tariff wall. With high protection the competition takes place within the wall, and is consequently more effective; the competitors are subject to the same conditions; the competition is fair and if profits are unduly high capital is readily forthcoming for new enterprises. This is not a mere theory. It has been proved by one hundred years of practical experience in the United States, where the tariff has been raised and lowered and raised again with such results that the people of that great country have become more imbued with protectionism after each experiment.

In the year 1887 Mr. A. Williamson challenged the Cobden Club to issue a short circular to the leading British exporters asking them whether in exporting goods to the United States the taxation was paid by the British manufacturer or the consumer in the United States. The Cobden Club did not accept the challenge, but Mr. Williamson sent a circular to a large number of representative exporters of the chief manufacturing centres, embracing cotton, woollen, carpet, iron and steel, brass, gold, silver, electro-plate, hardware, guns, cycles, en-

gineering, glass, indiarubber, leather, beer, and other industries. Out of 531 replies, 530 admitted that to a greater or less extent the United States tariff taxation fell upon them instead of upon the consumers in the United States because they had to reduce their prices to meet the prices of the protected American manufacturers.

The manager of the Barrow Steel Company stated in evidence before the British Royal Commission on Trade Depression that in one year, 1884, his Company had paid £160,000, or about three-quarters of a million dollars, in duties to the United States Government.

This is not a new condition of things. The same law of prices prevailed when the United States was a young and struggling nation. For example, two months after the adoption of the protective tariff of 1842 a large hardware importing house in New York representing British manufacturers sent out a circular and price list giving in parallel columns the prices they charged for goods laid down in New York, duty paid, before and after the protective tariff was increased. Twenty staple articles which cost £143 16s. under the old revenue tariff were offered at £131 10s. under the new protective tariff, so that the cost in the



United States after paying the duties was considerably less than before the tariff was increased. Anyone who has studied the price lists in the United States under the different tariffs adopted since the year 1824 and compared them with the British prices for the same years will admit that in the great majority of cases the protective duty is not added to the price of an article. A few instances will suffice to show the fallacy of the free trade theory of prices. Before 1842 there was a low duty on starch, but it was not sufficiently high to cause production in the United States except on a small scale. A large factory had been started in New York but was obliged to shut down for want of sufficient protection. As soon as the higher tariff was imposed this factory was re-opened and at once placed starch on the market half a cent per pound cheaper than it could be bought before the tariff was raised. Other factories were soon established and prices were kept down while employment was given to a considerable number of American workmen.

The tariff of 1842 made the minimum duties on cotton fabrics six cents per square yard on plain and nine cents per square yard on printed or colored cottons. These duties were equal to about one hundred

per cent. on the importer's valuation of their goods. A few months after the adoption of that tariff, Mr. Horace Greeley, editor of the *New York Tribune*, made an enquiry as to the prices of cotton fabrics in Lowell, Mass., the principal cotton manufacturing centre of the United States at that time, and published in his paper the prices for the three months before and the three months after the new tariff was imposed. The prices were as follows :

AVERAGE PRICES OF LOWELL COTTON  
FABRICS PER YARD

	In May, June and July, 1842.	In Sept., Oct. and Nov., 1842
Drillings.....	7 $\frac{3}{4}$ cts.	7 cts.
Shirtings, common...	5 $\frac{1}{4}$ "	5 "
Shirtings, heavy. ...	6 $\frac{1}{4}$ "	5 $\frac{3}{4}$ "
Sheetings, common..	6 $\frac{2}{3}$ "	6 "
Sheetings, wide.....	8 $\frac{1}{2}$ "	7 $\frac{2}{3}$ "
Flannels (cotton)....	10 "	8 $\frac{1}{2}$ "

Thus, although according to free trade theory the prices should have been doubled as a result of the high duty, they were actually reduced. Later on still further reductions were made as new factories were built in the United States and home competition increased.

A large volume could be filled with similar illustrations of the fact that a protective duty is not usually added to the price except

temporarily, but it will not do to weary readers with too many figures.

One of the fundamental principles of protectionists is that things which cannot be produced within a country should be admitted free of duty as far as the necessities of revenue will permit. Free traders, on the other hand, always select this class of articles as the most suitable for customs duties. Thus during the fiscal year 1903 the free trade British Government collected on tea, coffee and cocoa alone, duties amounting to £6,389,414, that is over thirty-one million dollars. Quite a large revenue was also obtained by the British Government from duties on dried fruits, such as figs, prunes, raisins and currants. When there is a duty on articles that cannot be produced in the country it is not for the purpose of protection, but as a means of raising revenue. The nearer we approach to the British system of free trade the more of such revenue taxes we will have.

Any woman who wants tea, coffee, cocoa, chocolate, raisins, currants, figs, oranges, lemons, bananas, prunes, dates and other fruits which cannot be grown in Canada to come in free of duty, should urge her husband to vote for protection. These would

be just the kind of articles our rulers would select for high taxes if we had free trade or a tariff-for-revenue only. Protectionists aim to get rid of all such taxes on things which cannot be grown in the country.

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## MAKING AN IDOL OF CHEAPNESS

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**E**VERYONE naturally desires in making purchases to get what he buys as cheaply as possible, but this is a very different thing from making an idol of cheapness as many free traders do. The value of cheapness depends altogether upon its relation to earning power.

India and China are both very cheap countries to live in, but the condition of the people is deplorable. No thoughtful Canadian would desire to see in Canada such cheapness as prevails in those countries where whole families live on a few cents per day.

It is a well-known fact that in civilized countries prices are higher in good times than in bad times. Prices have been higher in Canada as well as in the United States, the United Kingdom and all the countries of Europe during the seven years beginning with 1897 than they were at any time during the preceding 18 years, and all these countries have enjoyed extraordinary prosperity.

Living is always cheaper in a small village than in a large city, yet people flock

to the city because they can make so much more money there than they can afford to spend more.

Prof. Robt. Ellis Thompson of the University of Pennsylvania has well said :

"The average American is a consumer who also produces, and who, therefore, is interested not only in the price of what he has to buy, but also in the price of what he has to sell. Practically he buys by exchanging his commodity for others which he needs, although money is used as the medium of exchange. And this sort of trade is always most favorable when he can effect such an exchange with his own neighbors and thus save the cost of transportation. Especially the producer of food and of raw materials finds the relation of prices most in his favor when he is located near to the place where these are converted into manufactured articles. The object of protection is to bring the artisan and the manufacturer into neighborhood with the farmer. The great immigration to the United States, especially from free trade countries like Ireland and Norway, shows that protection has helped to make this country more attractive. An Irishman was heard complaining that he could buy as much for a shilling at home as for a dollar in the United States. "Why didn't you stay there?" he was asked. "Bedad, I couldn't get the shillin'," was his candid answer."

Suppose that for a period of five years a farmer gets on the average \$600 per year

for the farm products he sells and pays out \$500 for what he buys, putting one hundred dollars in the bank each year, at the end of five years he will have saved \$500 and accumulated interest. Then the tariff is raised and as a result of it a number of factories are started in the neighboring towns within a few miles of his farm, creating such a profitable home market for everything produced on the farm that its earning power is increased twenty-five per cent. At the same time prices in general go up and average ten per cent. higher for five years; the farmer gets twenty-five per cent. more for what he sells and pays ten per cent. more on the average for what he buys. His sales will then bring him \$750 per year and his purchases will cost him \$550 per year, so that he will be able to save \$200 annually instead of \$100 as he did before, and at the end of five years he will have saved \$1,000 and accumulated interest instead of \$500 and interest as he did during the preceding five years. Under such circumstances the farmer will have no reason to complain of increased prices.

It may be asked if prices for farm products go up 25 per cent. why would prices in general not go up more than ten per cent. The increase in the farmer's profits

would be largely due to the fact that a market near at hand is more profitable than a market far away. There is a saving in transportation charges on what the farmer sells as well as on what he buys when the factories are in towns within a few miles of the farm instead of being in a distant country. Moreover many classes of farm products deteriorate when shipped to distant markets and consequently bring lower prices. However, if prices in general increased 25 per cent. on the average the farmer's purchases would cost him \$625, while his sales would bring him \$750 per year, so that even then he would be able to save \$125 more during the five years than he could when the prices were 25 per cent. lower.

But higher protection would not cause such a general rise in prices and consequently the advantage of the improved home market would be far greater to the farmer than would appear from these figures. No doubt the higher duties would in some cases cause a slight increase in prices of certain classes of manufactured goods for a short time, until industries were established in Canada on a large scale, but the prices would soon come down as the result of home competition while the farmers would be per-



manently benefited by the increased consumption of farm products in Canadian towns and cities.

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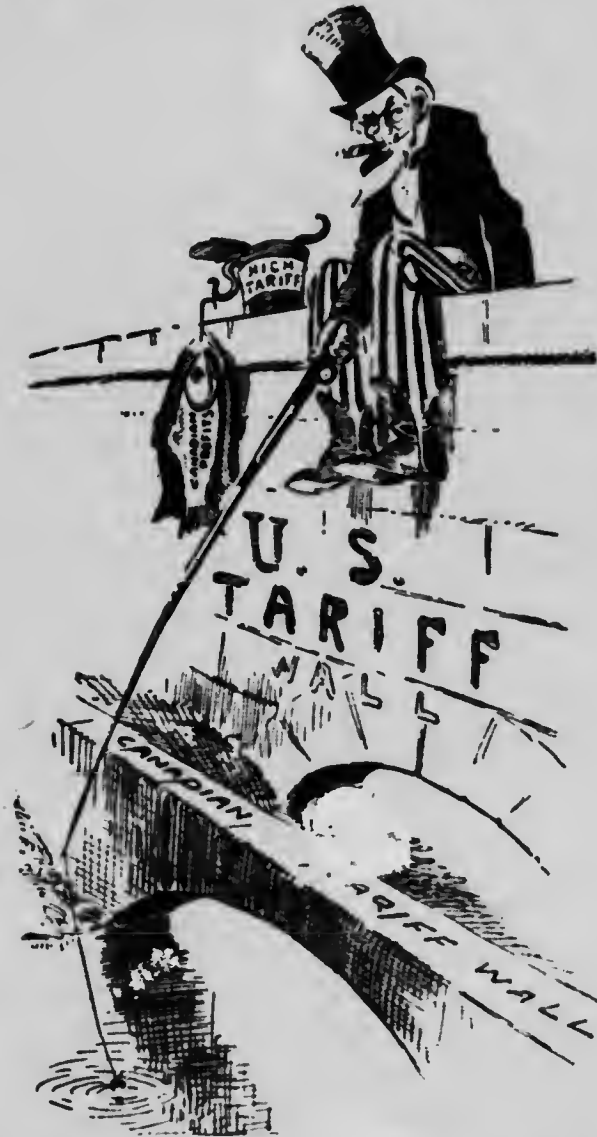
## WE AND OUR NEIGHBORS

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**T**HE Canadian Trade and Navigation returns for the fiscal year 1903 show that Canadian exports to the United States amounted in value to \$67,766,367, but this included \$16,484,142 worth of gold-bearing quartz, gold dust, gold nuggets, etc., taken to the United States from the Klondike and other Canadian gold centres and \$1,802,690 worth of silver contained in ore, concentrates, etc. It is of no great advantage to Canada to have this gold and silver carried away to the United States. Excluding unmanufactured gold and silver as well as coins, from both exports and imports, it will be found that in the fiscal year 1903 Canada imported from the United States \$128,790,237 worth of merchandise and exported to that country \$50,379,535 worth of Canadian merchandise.

The population of the United States is estimated to be about eighty millions, and the population of Canada about six millions, so that the Americans bought from Canada about sixty-two cents' worth of merchandise per head of population, whereas Canadians bought from the United States about

A VERY ONE-SIDED ARRANGEMENT



Uncle Sam—Oh, yes, that low tariff wall of Jack Canuck suits me all right enough. I can reach over and catch his fish, but he can't get over my wall.



\$21.46 worth of merchandise per head of population. That is, each Canadian consumed over thirty-four times as much of American merchandise as each American did of Canadian merchandise. A great deal has been said about the United States being the natural market for Canadian farm products, yet, per head of population the Americans bought only about ten cents' worth of Canadian farm products in the fiscal year 1903, while Canadians bought from the United States about \$2.90 worth of the same kind of farm products per head of population. That is, each Canadian consumed twenty-nine times as much of United States farm products as each American did of Canadian farm products of the same kind. The exact figures are as follows :

## Merchandise.

Canada bought from U. S. .... \$128,790,237

Canada sold to U. S. .... 50,379,535

## Farm Products.

Canadian farm products sold to U. S. ... \$ 8,348,789

Similar farm products bought from U. S. 17,447,287

*Raw cotton, Southern fruits and other things that cannot be grown in Canada are excluded from the above statement of farm products imported from the United States. If the value of Southern farm products imported into Canada were added, the*

*showing would be still more unfavorable to Canada.*

There is no reason for this extraordinary difference other than the fact that the United States has a high protective tariff, while Canada has a low protective tariff.

A free trade professor in Ontario recently asked some one to give a definition of the phrase "Canada for Canadians." A good definition of "Canada for Canadians" would be "a policy that would keep Canadians in Canada." The last United States census showed that there were in the great Republic about 1,200,000 Canadians. If the census would go a little further and give the number of children and grandchildren born to those Canadians in the United States it would probably appear that Canadians and their descendants in the United States are about as numerous as Canadians in Canada. Our past policy has in fact been "the United States for Canadians" instead of "Canada for Canadians"—United States seaports for Canadian exports and imports, United States manufactures for Canadian farmers and even United States farm products for Canadian towns and cities.

While United States products have been coming into Canada, Canadian men and women have been going to the United

States. Canada has for many years been exchanging men for goods. Some bales of goods come in; a man goes out; for if we do not provide employment to suit the varied talents and tastes of our people, they will go abroad to seek work. There are very few families in Canada that have not at least one member in the United States. At least nine-tenths of those who leave Canada for the United States go to seek employment in the cities and towns of that country, and many Canadians are actually occupied in the United States producing goods for consumption in Canada. If there had been in force in Canada during the last thirty years a policy of "Canada for Canadians," a policy of protection as thorough as that which has so wonderfully developed the United States, there would be very few Canadians over the border to-day.

The great emigration of farmers from the United States to the Canadian Northwest is of a very different character. Canadians go to the United States to seek work. The Americans come to Canada to seek land. Cheap farm lands are no longer obtainable in the United States, but there has never yet been a time when Canadians were obliged to abandon their country in order to get cheap farm lands.

## THE CHILDREN OF THE NEW SETTLERS

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**T**HE emigration of farmers from the United States to the Canadian Northwest has attracted much attention and many people suppose that it is a new thing under the sun for Canada to receive settlers from the United States. But the English speaking sections of the Eastern Provinces were very largely settled by Americans. The first great emigration from the United States to Canada took place immediately after the Revolutionary War when thousands of United Empire Loyalists settled in Ontario, the Eastern Townships of Quebec and the Maritime Provinces. They were followed a few years later by quite a large number of United States citizens who had heard of the fertile farm lands of British North America. The United Empire Loyalists found in the Province of Ontario, then known as Upper Canada, the best farming country in America. At that time when the fertility of the soil had not been exhausted by recropping, the farm lands of Ontario produced wheat as abundantly as those of Manitoba do to-



day; the climate was favorable to the growth of a great variety of fruits and berries that can never be grown in the Northwest, and no better country for dairying purposes could be found anywhere. Upper Canada not only had extraordinary natural advantages as regards soil and climate but it was almost completely surrounded by a great system of lakes and rivers that helped to regulate the rainfall and at the same time provided waterways for a great number of vessels which kept down the cost of transportation.

However, notwithstanding all the natural advantages of Ontario the young men growing up in this fertile farming region soon began to emigrate to the United States, and from that time until now there has been a continuous flow of Ontario's best blood to the neighboring Republic. Why did they go? Certainly not because they preferred the institutions of the United States to those of Canada, but because they could not find congenial employment at home. The great majority of the young men who left Canada went to the cities and towns of the United States, where the development of a great variety of industrial enterprises was encouraged by a policy of protection.

The same causes that led so many young men to leave the Province of Ontario caused a similar exodus from Quebec and the Maritime Provinces. If all the Canadians who have gone from Quebec to the United States would return with their children and grandchildren almost every town and city in the Province would double its population, and the home demand for farm products would be correspondingly increased. How many noble young men and women have gone from the Maritime Provinces to the United States seeking work in past years. If we had always had in force a policy of "Canada for Canadians," a policy that would have kept those bright young Canadians in Canada, what magnificent cities Halifax and St. John would now be, and there would be a number of other prosperous cities in the Maritime Provinces.

Manitoba and the Canadian Northwest Territories should profit by the experience of the Eastern Provinces. All the loyalty of their ancestors to the British Empire did not prevent the young men of the East from emigrating to the United States. Unless home industries are provided for the sons of the men who are now settling in the Canadian Northwest they too will drift back to the land of their fathers.



Uncle Sam—I don't care where they grow their crops, so long as they send me the money they get for them. Keep your tariff wall low as it is, Wilfrid, and I'll supply them with manufactured goods. Their children will come back to work in the factories of the United States. (See page 42)



And the farmers' sons will not be the only emigrants. Many boys born and brought up in Winnipeg and other towns will join the exodus and seek their fortunes in the United States, just as so many Canadian boys from towns and cities in the Eastern provinces have done in the past. But a high protective tariff by building up varied industries will keep the boys at home.

While it is a good thing to get the fathers and mothers, it will be better still to keep their children.

Is it not largely for the sake of their children that the pioneers of the Northwest are willing to endure the hardships and inconveniences of life in a new country? Should they not then support a national policy that will cause the establishment of many home industries, making opportunities for those boys who do not care for farming to get on in the world without leaving Canada?

However desirable it may be for the boys to stay on the farms, they will not all do so. God did not make all men alike. Even in the same family there are often great differences of temperament, taste and capacity. A man who is naturally well fitted to excel in one kind of work may make a complete failure of another kind of work for which he is unfitted.

Canada occupies a peculiar geographical position, extending from ocean to ocean beside a nation akin in origin and having like social customs with somewhat similar political institutions. Our neighbors have developed the resources of their great country by most carefully fostering all kinds of home industries, and if our young people cannot find in the Dominion the occupations that suit them a short railway journey will carry them to the great industrial centres of the United States. It becomes a question, therefore, with every Canadian farmer whether he will favor a policy that will give his boys and those of his neighbors employment in the home land or force them to emigrate to the United States.

The farmers' wives and daughters sometimes feel the loss of the boys even more keenly than the farmers themselves. The *Montreal Family Herald and Weekly Star* has published a number of letters on the tariff question from men of all shades of opinion, but one of the most interesting letters was written by a woman, who said:

"My husband says that you won't publish letters from a woman on this question. He says if you asked for letters on love affairs or on 'How to take care of babies,' I might write, but that women won't be consulted about making the tariff. But I say that this

is a love affair for me at any rate. I love my two boys, my only sons, and they are living in a big city of the United States. My heart is aching to have them home again in some Canadian city. I am afraid they will marry American girls and settle down there, almost forgetting their mother. I have a neighbor whose son went to the United States years ago. At first he wrote to her often. Then he got married and after a few years he was divorced and married again. He has children by both wives. Isn't it dreadful? Divorces are so common over there. You will say, 'What has all this to do with the question of high tariff?' I will tell you just what. I got a letter two weeks ago from one of my boys. They both work in the same factory. The letter said: 'What do you think, mother? We may be back in Canada before long. I heard our manager say yesterday to a gentleman who was going through the factory with him that if the Dominion Government should raise the Canadian tariff as high as the American tariff it would be necessary for our company to start a big branch factory in Canada. Over one-third of the work done in our great factory now is for export to Canada and our Canadian trade is increasing every year. I often think as I am pegging away at my work that while living in the United States I am making things for Canadians. I guess there would be quite a lot of branch factories started in Canada if the tariff should be raised and there would be lots of work for Canadians at home.' Now, Mr. Editor, do you see why

46 CHILDREN OF THE NEW SETTLERS

I am interested in the tariff question? I want my boys to come home, because I think Canada is a purer and better country. They will be better men here. I don't mean that they are not good now. They are both good boys, but I am afraid of the future."

No doubt the writer of that letter voiced the feelings of many Canadian fathers and mothers. Sentiment of this kind must be taken into consideration by the politicians who try to gauge public opinion in the rural districts.



### THREE MISTAKES ABOUT FARMERS

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**T**HE free traders make three great mistakes in appealing to Canadian farmers. The first mistake is in supposing that every farmer's heart is in his own pocket, that farmers as a class are entirely lacking in that patriotic sentiment which makes men desire to see their own country grow great and prosperous, that if they think a few cents or a few dollars can be saved yearly by buying foreign goods they do not care how many Canadian workingmen are driven out of the country or how far Canada may lag behind other nations in industrial progress. The second mistake is in assuming that Canadian farmers think only of the present, that they are unwilling to make any immediate sacrifices for the sake of future gain for themselves or for their children. The third mistake is in supposing that buying is of more importance to the farmer than selling, that the farmer's sole aim is to buy cheap goods even if he loses his most profitable customers by doing so.

#### 48 THREE MISTAKES ABOUT FARMERS

Some of our farmers do look at matters in that selfish and short sighted way because they have been educated to do so by the newspapers they read, but Canadian farmers in general are very patriotic. They love Canada and wish to see it take a leading place among the nations. They take pride in watching the rapid development of the varied resources of our vast Dominion. They think of their children as well as of themselves, perhaps more than of themselves, and wish them to have full scope in Canada for the exercise of their talents.

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## PROTECTIONIST FARMERS

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**C**ANADIAN politicians of both political parties have always been too ready to assume that by giving adequate protection to home industries they would incur the hostility of the farming community.

In the United States the Republican party, which has always consistently favored high protection, has generally had the support of most of the agricultural districts in the Northern States. The agricultural sections of the south have generally supported the Democrats, but their opposition to the Republicans during the last forty years has been chiefly due to other causes than protection.

New York has always been regarded as a doubtful state, but the Republicans have usually been sure of a large majority in the agricultural districts of that state. The Democrats have been so thoroughly organized in New York City that they have usually had a big majority there, and the question has always been whether the Republican majority in the state outside the City of New York would be big enough to overcome the Democratic majority in the metropolis. The

agricultural districts of the New England States are noted for their stalwart Republicanism, and the corn and wheat growing states of the West and Northwest, which are almost purely agricultural, have generally supported the Republicans. The Populist party obtained a foothold in some of them, but the Democratic advocates of low tariff have never had much strength there. The middle states have now great manufacturing industries, but in the early days of settlement, when agriculture was almost the only industry, those states gave their support to the policy of protection in the hope of securing the establishment of factories near their farms.

It is a well-known fact that free trade was adopted by the British Government to please the manufacturers, who wanted cheap food for their workmen, and the chief opposition to the abolition of protection came from the farmers. The Cobden Club, by circulating free trade pamphlets among the farmers and sending out orators to preach against protection, converted a considerable number of them, but it is doubtful whether the majority of British farmers were ever convinced that free competition was a blessing to them. To-day British farmers would

rejoice to see stiff protective duties on bread-stuffs, and for the sake of them would willingly favor duties on manufactured articles as well.

In Canada, of course, the conditions are unlike those of the United Kingdom, but they are very similar to those of the United States, especially before manufacturing industries had become highly developed in that country by long continued protection. Some of the most enthusiastic protectionists in Canada to-day are farmers, although a large number of Canadian farmers are free traders because they have been educated by newspapers and politicians to believe that the interests of farmers and manufacturers are antagonistic. Both political parties are now protectionists in practice, but it is worthy of note that for many years, when the Liberals were earnestly advocating the abolition of protection, while the Conservatives were persistently defending the National Policy, the Province of Manitoba, the most purely agricultural district in the Dominion, gave strong support to the Conservatives, and continued to do so until the school question caused division in the party. The Conservatives also had the support during those years of many purely agricultural

districts in Ontario, Quebec and the Maritime Provinces. In 1894 the Conservatives lowered their protective tariff, and the Liberals soon after adopted a policy of moderate protection, so that the two political parties were brought very close together on the tariff question. Did this help the Conservatives in the farming districts? On the contrary, the Conservatives lost a number of rural constituencies that had supported them steadily for eighteen years.

Old party traditions and prejudices on this question have now disappeared. Both parties having accepted the principle of protection, the time has come for a forward movement. The Conservative tariff at its highest was much lower than the Wilson-Gorman Act of the American Democrats which the Republicans denounced as a move towards free trade. All Canadians, irrespective of party, should now unite in demanding of the politicians a protective tariff high enough to preserve the home market for Canadian farmers and Canadian manufacturers. When such a tariff is established, it will no longer be possible to say that each Canadian consumes thirty-four times as much of United States merchandise as each American does of Canadian merchandise.

## NOT A QUESTION OF APPETITE



**John Bull**—Your large family must have poor appetites, Sammy. I hear that Johnny Canuck buys twenty-nine times as much United States meats as you buy of Canadian meats.

**Uncle Sam**—My family eat food grown on my farms. So long as Johnny Canuck likes to pay me money for what could be grown on his own farms I don't object and I supply him manufactured goods on the same terms. (See page 53.)





## **BUYING MEATS IN THE STATES**

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**D**URING the fiscal years 1902 and 1903 Canada imported from the United States 29,350,021 lbs. of meats valued at \$2,926,425, without including poultry and game. On the other hand our total exports of meats to the United States only amounted to 992,162 lbs., valued at \$98,477. That is Canadians bought over twenty-nine times as much meat from the United States as the United States bought from Canada, although the population of the United States was about fourteen times as great as that of Canada at the last census. Per head of population Canadians ate about four hundred times as much United States meat as Americans ate of Canadian meat. United States meats are imported into every province and territory of Canada.

The imports of meat from the United States in detail as given in the Canadian Government Trade and Navigation Reports for 1902 and 1903 were as follows :

## 54 BUYING MEATS IN THE STATES

### CANADA BOUGHT FROM UNITED STATES.

Salted pork.....	12,359,623	lbs.
Bacon and hams .....	8,217,498	"
Salted beef ... ..	2,921,336	"
Canned meats .....	1,919,101	"
Lard .....	1,798,195	"
Dried or smoked meats..	799,921	"
Mutton and lamb, fresh ..	96,622	"
Other meats, fresh .....	599,211	"
Other meats, salted.....	621,214	"

Total ..... 23,500,021 "

The Canadian Trade and Navigation Report tables of exports do not distinguish between exports of fresh and salted meats. The exports of Canadian meats to the United States in 1902 and 1903 are given as follows :

### UNITED STATES BOUGHT FROM CANADA.

Pork.....	80,928	lbs.
Bacon and hams.....	380,756	"
Lard .....	1,226	"
Beef.....	94,839	"
Canned meats.....	82,087	"
Mutton .....	55,570	"
All other meats.....	296,756	"

Total ..... 992,162 "

The value of dressed and undressed poultry and game imported as given in the Trade and Navigation Reports for the two years was \$127,422, but the quantities were not given. The value of the exports of

Canadian poultry and game to the United States was \$26,500.

It is noteworthy that while 8,217,498 lbs. of bacon and hams were imported into Canada from the United States only 695,233 lbs. of fresh meats of all kinds were imported from the United States. The explanation for this may be found in the fact that the Canadian tariff on bacon and hams is only two cents per pound while the United States tariff on bacon and hams is five cents per pound. On the other hand the United States tariff on fresh beef, veal, mutton and pork is only two cents per pound while the Canadian tariff on fresh beef, veal and pork is three cents per pound and on fresh mutton and lamb thirty-five per cent. ad valorem, which is about three cents per pound. Thus the Canadian farmer actually has higher protection on fresh meats than the American farmer, and he evidently needs all the protection he has, for in spite of it we bought more fresh meat from the people of the United States than we sold to them.

Immense quantities of fresh meats from the Western States are sold in the Eastern States in spite of the fact that the Interstate Commerce Law, which is strictly enforced,

prohibits the United States railways from carrying freight for long distances at lower rates than for short distances. Indeed the branch meat shops established in the Eastern States by Armour of Chicago have in many cases driven the local butchers out of business. It is a notorious fact that the Canadian railways often carry United States products to points in Canada at a lower rate than they carry Canadian products and but for the high protective duties on fresh meats the farmers of Ontario and Quebec would suffer disastrous competition from the Western States in their meat business.

Why is it that politicians who declare that protection is of no use to the farmers of Canada do not advocate the abolition of protection for fresh meats?

If it is a good thing to have high protection for fresh meats would it not be wise to make the protection on other meats, and indeed all kinds of farm products, equally high?

TEN TIMES AS MUCH



Uncle Sam—I can make one mouthful of this, but it takes a good many mouths to eat all the butter I send over Canada's low tariff wall. (See page 57).



## EGGS, BUTTER AND CHEESE

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**D**URING the fiscal year 1903, we imported from the United States for consumption in Canada 505,113 lbs. of butter, 179,479 lbs. of cheese and 534,485 dozen eggs, while we exported to the United States only 50,745 lbs. of butter, 56,676 lbs. of cheese and 46,773 dozen eggs. Thus we bought from the United States about ten times as much butter, about three times as much cheese and about eleven times as many eggs as we sold to that country. Our imports of butter, cheese and eggs from the United States for consumption were valued at \$289,517 while Canadian exports of the same products to that country were valued at \$24,440. Per head of population each Canadian spent about 157 times as much on butter, cheese and eggs produced in the United States as each American spent on Canadian butter, cheese and eggs, assuming that the present population of the United States is in round numbers 80,000,000 and that of Canada 6,000,000.

These figures are not very encouraging to those Canadians who believe that the

United States is the natural market for Canadian farmers. Will anyone argue that Canadian farmers cannot produce enough butter, cheese and eggs to supply the Canadian people and that these importations from the United States are necessary? Why not shut them out by increasing the protection? The tariffs of the United States and Canada on butter, cheese and eggs are as follows :

	United States Tariff	Canadian Tariff
Butter.....	6 cts. per lb.	4 cts. per lb.
Cheese .....	6 " "	3 " "
Eggs.....	5 " per doz.	3 " per doz.

If the Ottawa Government would pay the Government at Washington the compliment of making the tariff on butter, cheese and eggs the same as the United States tariff the additional protection would give our Canadian farmers a better home market.



A BIG BASKET AND A LITTLE ONE



Jack Canuck—It takes a very small basket to hold all the eggs you buy from me, uncle. The basket I buy from you is eleven times as big, yet your family is much larger than mine.

Uncle Sam—I guess my hens lay better than yours, Johnny. (See page 57.)



## HOW A NATION GROWS RICH

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**T**HERE is an old, old story often told by free traders and advocates of a low tariff which runs as follows :

" Nations to get rich must trade with other nations. No man can get rich by trading with himself alone. He may trade his two jack knives from pocket to pocket all day long till the cows come home, but at night he will only have the two original jack knives, and yet some people tell us that such a jack knife policy would make the country rich."

Of course the object of this story is to convey the impression that the only profitable trade is that with foreign nations.

The fundamental error of the story is the assumption that the sole business of a nation is to trade. It overlooks the producer altogether. The fishermen gather into their nets the riches of the waters ; the farmers extract wealth from the soil ; the lumbermen take it from the forest ; the miners bring it up from the bowels of the earth ; the inventors study natural laws, the knowledge of which enables men to control the forces of nature and utilize to the best advantage the raw materials taken from the sea, the forest, the

farm and the mine ; the manufacturer utilizes the ideas of the inventor and converts the raw materials by hand or machinery into forms suitable for general use.

The trader is useful in a community only because he assists the different producers to co-operate with each other in developing the latent wealth of the country by facilitating exchanges. If the farmers, the fishermen, the lumbermen, the miners and manufacturers all abandoned the work of production and devoted their time to trading jack knives or anything else with foreign nations, the whole nation would soon starve to death.

It is not trading with other nations that makes a people rich, but development of home resources. Nature has endowed Canada with great wealth in minerals, fisheries, timber and fertile soil. To grow rich the Canadian people must adopt a policy that will ensure the development of this latent wealth.

For example, all the raw materials for making iron and steel are found in abundance in Canada. Large quantities of iron and steel are required by the Canadian people, and for many years all our supplies of these necessities were purchased abroad, so that our wealth of raw materials lay unused in the

earth, of no value to any one. To pay for the iron and steel obtained from abroad we had to send out of the country a large part of the wealth produced by the industry of our farmers, fishermen, lumbermen and other producers. Now a considerable part of the iron and steel used in Canada is produced within the Dominion. To pay for this Canadian iron and steel we do not have to send wealth out of the country. However, we still import vast quantities of iron and steel that might be made in Canada. During the fiscal year 1903, we imported iron and steel and manufactures thereof to the value of \$42,009,168. If adequate protection were given to the Canadian iron and steel industries, many thousands of Canadian workmen would find employment converting raw materials that are now lying useless under the earth or in the rocks on its surface into finished iron and steel products, and the wealth we send out of the country to pay for the iron and steel imported would remain in the country.

Home trade enriches the nation because it causes development of natural wealth and keeps it within the country. On the other hand foreign trade may impoverish a nation by preventing the development of new

industries and paralyzing those already established. But when foreign trade is kept within legitimate channels it is beneficial. Owing to the differences in climate and natural resources all countries do not produce the same things, and so profitable exchanges may be made between them. It does not pay Canada to exchange jack knives for jack knives or flour for flour with any foreign country ; it does not pay us to exchange Canadian apples or Canadian wheat for foreign steel ; but it does pay us to trade our surplus apples and flour for the tropical fruits and spices of the West Indies ; and there are many other things which cannot be produced in Canada that may profitably be imported from abroad and paid for directly or indirectly by Canadian products.

## **KEEP YOUR MONEY IN CANADA**

**W**HEN Canadians buy goods made in Canada the money they pay out is kept in circulation in this country, passing from one Canadian to another again and again in the course of trade, so that the whole community is benefited by it and the man who paid it out in the first place often gets it back again. When Canadians buy in the United States and other foreign countries goods that could be made just as well in Canada, the money goes out of the country, and Canadians in general receive no benefit from it.

When Abraham Lincoln was defending the policy of building up a steel rail industry in the United States by means of high protection, he said : "When we buy rails in foreign countries we get the rails and the foreigners get the money. When we buy the rails in our own country, we have both the rails and the money." This will prove as true for Canada as it was for the United States.

By supporting a policy of adequate protection you will help your fellow Canadians to make money and they will be able to buy more from you.

## HOME TRADE AND FOREIGN TRADE

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**I**N the course of a recent speech Sir Wilfrid Laurier, for the purpose of showing that a low tariff is better than a high protective tariff, made a comparison of the foreign trade statistics of the United States and Canada. He said that the foreign trade of Canada was \$76 per head of the population, whereas the foreign trade of the United States was only \$30 per head of the population, and he argued that this was sufficient reason for refusing to change our fiscal policy.

Did Sir Wilfrid Laurier ever consider the vast proportions of the internal trade of the United States? He says that the exports and imports show the wealth of a country. What does the internal trade show? Last year over 18,000,000 tons of pig iron were produced in the United States. If we value that pig iron at \$12 per ton, which is much below the average price in both the United Kingdom and the United States last year, it will represent \$216,000,000. If all that pig iron had been imported instead of being



## HOME TRADE AND FOREIGN TRADE

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Uncle Sam—Did you ever figure out, Wilfrid, what the home trade of the United States amounts to per head of population? (See pages 64 and 66.)



produced in the United States the foreign trade figures would have been greatly increased, but would the people of the United States be any wealthier to-day? If all the cotton mills in the United States were closed down and the cottons worn by the American people imported from foreign countries there would be an enormous increase in both the exports of raw cotton and the imports of manufactured cottons, swelling the foreign trade figures of the United States so much that no Canadian politician could point the finger of scorn at them, but the home trade would suffer a corresponding reduction.

The iron and steel and manufactures thereof imported into Canada in the fiscal year 1903 were valued at \$42,009,168, while the woollen goods imported during the same year were valued at \$13,561,915. If half of those woollens and iron and steel manufactures were made in Canada the foreign trade figures per head of population would shrink, but the home trade would greatly increase.

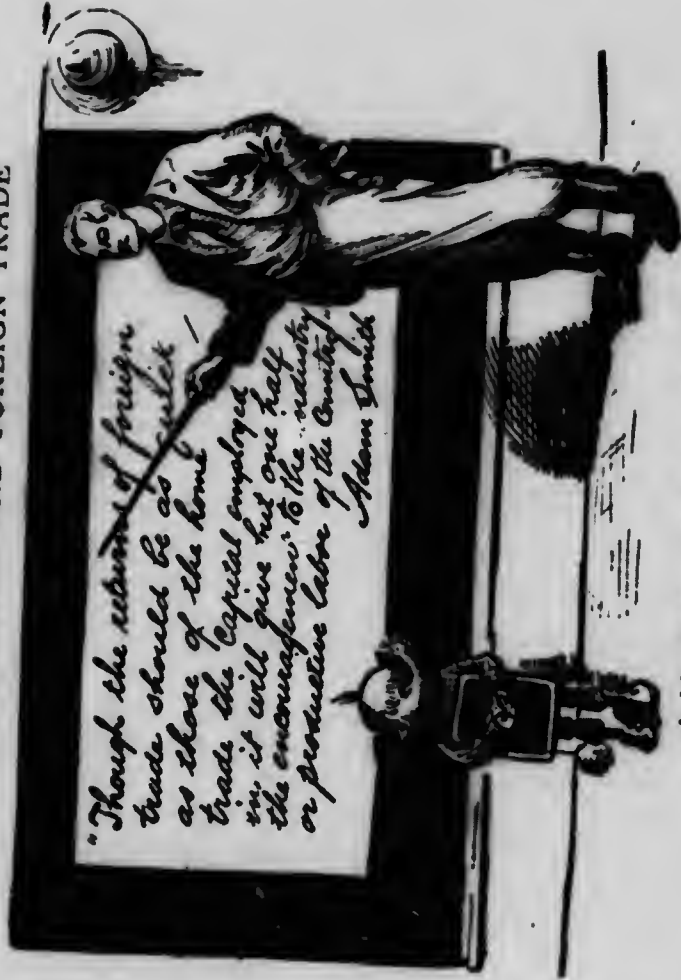
If the 29,350,021 lbs. of meat which Canadians bought from the United States during the fiscal years 1902 and 1903 had been bought in Canada, the foreign trade of the Dominion would have been considerably

reduced, but Canadian farmers would have a good deal more money in their pockets.

About \$8,250,000 worth of Canadian farm products were exported to the United States last year and we imported from the United States about \$17,500,000 worth of similar farm products. If one half of those imported farm products were shut out by a high tariff our foreign trade figures would be reduced by about nine millions but our Canadian farmers would have a better home market.

Foreign trade is not beneficial when it cripples home trade, for as Adam Smith, the famous British political economist said : "Though the returns of foreign trade should be as quick as those of the home trade the capital employed in it will give but one-half the encouragement to the industry or productive labor of the country."

HOME TRADE AND FOREIGN TRADE



A blackboard lesson for Sir Wilfrid.



## IMPORTANCE OF SMALL INDUSTRIES

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**A** MANUFACTURER in one of our small towns asked a certain politician to support a proposal for increased protection. "How many men do you employ?" asked the politician.

"Fifty," said the manufacturer, "but I am afraid I will have to discharge most of them as soon as hard times begin in England and the United States, for the manufacturers of those countries will then begin to slaughter their surplus stocks in the Canadian market."

"It would pay the country better to bring your fifty men to Ottawa and board them at a first-class hotel than to give you increased protection," said the politician.

"Well," said the manufacturer, "if you followed the same plan with every Canadian industry employing not more than fifty men, the city of Ottawa would have an enormous increase in population and you would have to build a great number of hotels. In our little town there are quite a number of industries, but only one of them employs

more than fifty hands. Altogether there are some hundreds of workmen employed in the town and they have families dependent on them who help to swell the population. What is true of our town is true of many other little towns and villages throughout the country. It is true also that there are many city industries that employ less than fifty hands. What would you do with the families of the workmen whom you propose to board in Ottawa hotels at the public expense? Would you let the women and children stay at home and starve? How would you compensate the merchants who sell them food, clothing and household furniture? Would you pension the tailors, dressmakers and milliners who make their clothes? Would you pay the doctors' bills and the salaries of the school teachers and ministers? Would you buy the eggs, butter, vegetables and fruit that the farmers now sell to these people?"

Many politicians seem to forget the old saying that "many a little makes a muckle."

There are many little industries in cities, towns and villages throughout the country which seem of small importance when looked at individually, but altogether they provide employment for a great many



people, create a valuable home market for the farmers, make business for the merchants and keep in circulation in Canada many millions of dollars which would go out of the country if they were wiped out of existence.

The little industries as well as the big ones require more protection and they should not be forgotten in the revision of the tariff.

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## CHEAPER TRANSPORTATION

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**A**N investigation made by the Agricultural Department of the United States Government some years ago showed that in those States where there were few factories the railways charged the farmers higher rates for transportation than the farmers in the manufacturing States had to pay. As factories increased in any State the railway rates went down. The reason for this was found to be that when the railways had little to carry except farm products and the merchandise consumed by farmers nearly the whole of the cost of operation and maintenance, the interest on the bonds and dividends on stock had to be paid out of the earnings on farm traffic; but when, owing to the establishment of factories and the consequent growth of cities and towns, the railways had many other sources of revenue, they were able to reduce the charges for carrying farm products and yet make more money than they did before. One of the greatest sources of revenue to the railways was the transportation of raw materials to the factories.

Every industry established in Canada makes traffic for the railways. When the people of Canada buy their manufactured goods from the United States the railways of that country get most of the profits of transportation. The Canadian railways usually get only a short haul. When the goods are made in Canada the Canadian railways secure the whole profits of transporting them. Moreover, they have to carry the raw materials to the factories as well as the finished products to the consumers. A good example of the way a new industry benefits a railway is to be found in the remarkable increase of both freight and passenger traffic on the Intercolonial Railway as a result of the establishment of the Dominion Iron and Steel Works at Sydney, Cape Breton. Half a dozen such industries in the Maritime Provinces would make the Intercolonial a profitable enterprise instead of a burden on the people of Canada as it always has been. The Government could then afford to reduce the rates. The Government also has power to reduce the rates on the railways owned by corporations when their profits largely increase.

We are likely to have within a short time three great trans-continental railways, all of

which must lose money on that section of their lines running through Northern Ontario, unless the mineral wealth of that region is developed and manufacturing centres established. When one section of a railway does not pay, the sections that do pay must make up the loss. Consequently when the railways running through Northern Ontario can pay their own way rates can be reduced all along the line.

The traffic on the railways running through the older parts of Ontario and Quebec would be enormously increased if the factories in the United States, which are now selling millions of dollars' worth of goods to Canadians every year, should establish branches in Canada, as they would be forced to do if the Canadian tariff nearly approximated to that of the United States.

Many of the railways in the United States now contribute large amounts in taxes to the state treasuries. When it was proposed to tax the railways in Canada in the same way, they complained that they could not afford it as the traffic was so much less in Canada than in the United States. By developing manufacturing industries we can so increase the traffic and the profits of the railways that they will be able to

pay their proper share of taxes, thus partially relieving the farmers from the burden of taxation.

On the other hand if we fail to raise our tariff, when hard times come and prices go down United States manufacturers will begin to slaughter goods in this market and many Canadian factories will be forced to close, throwing thousands of men out of employment and greatly reducing both the freight and passenger traffic on Canadian railways.

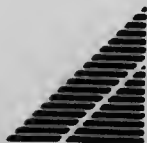
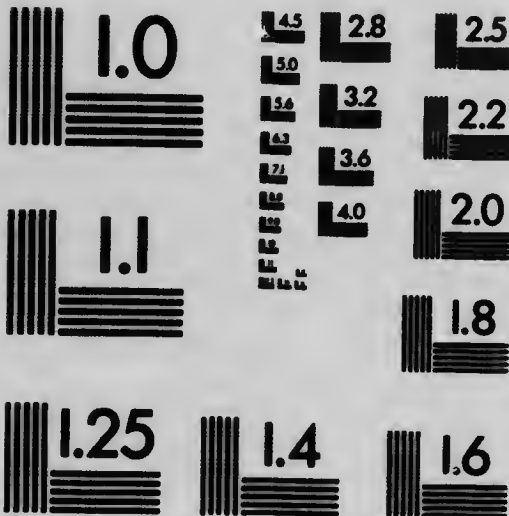
During the great depression which followed the reduction of the United States tariff during the Cleveland administration the railways of the United States were so affected by the hard times that many of them went into the hands of receivers.

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# MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



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## RECIPROCITY AGITATION

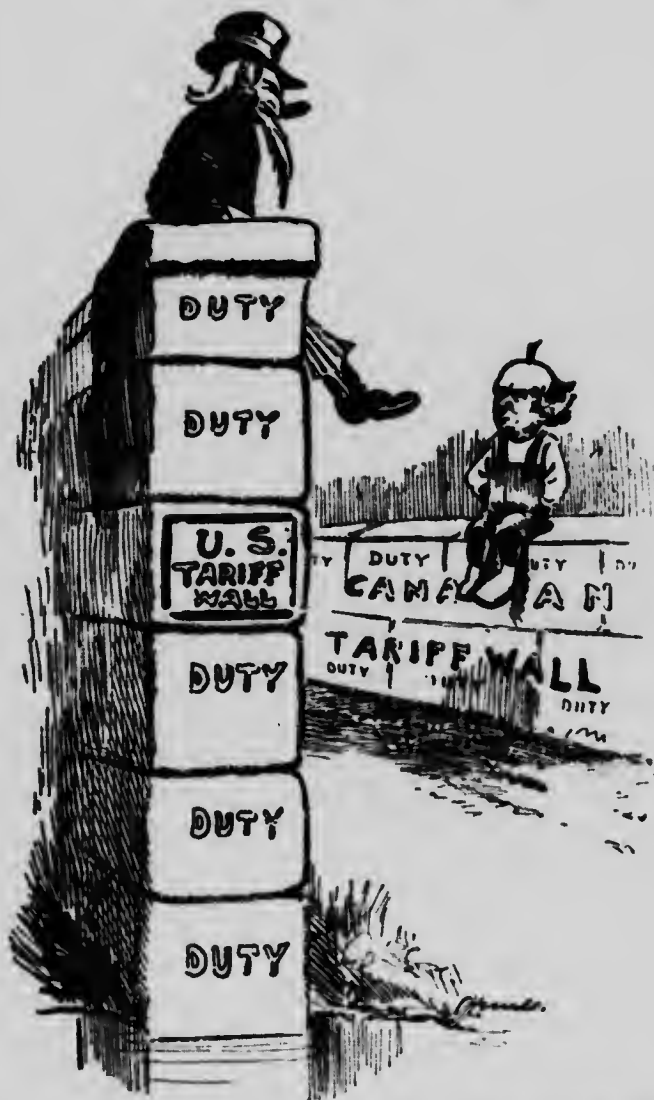
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**T**HE *Toronto Sun* is trying to revive the dead agitation in favor of reciprocity with the United States. It says that Canadian statesmanship can render no greater service to the people of this country than in meeting all advances that may be made from Washington and in securing a wide treaty of reciprocity between the two countries. "With reciprocity," says *The Sun*, "our trade would reach enormous proportions and it would be trade of the most profitable character."

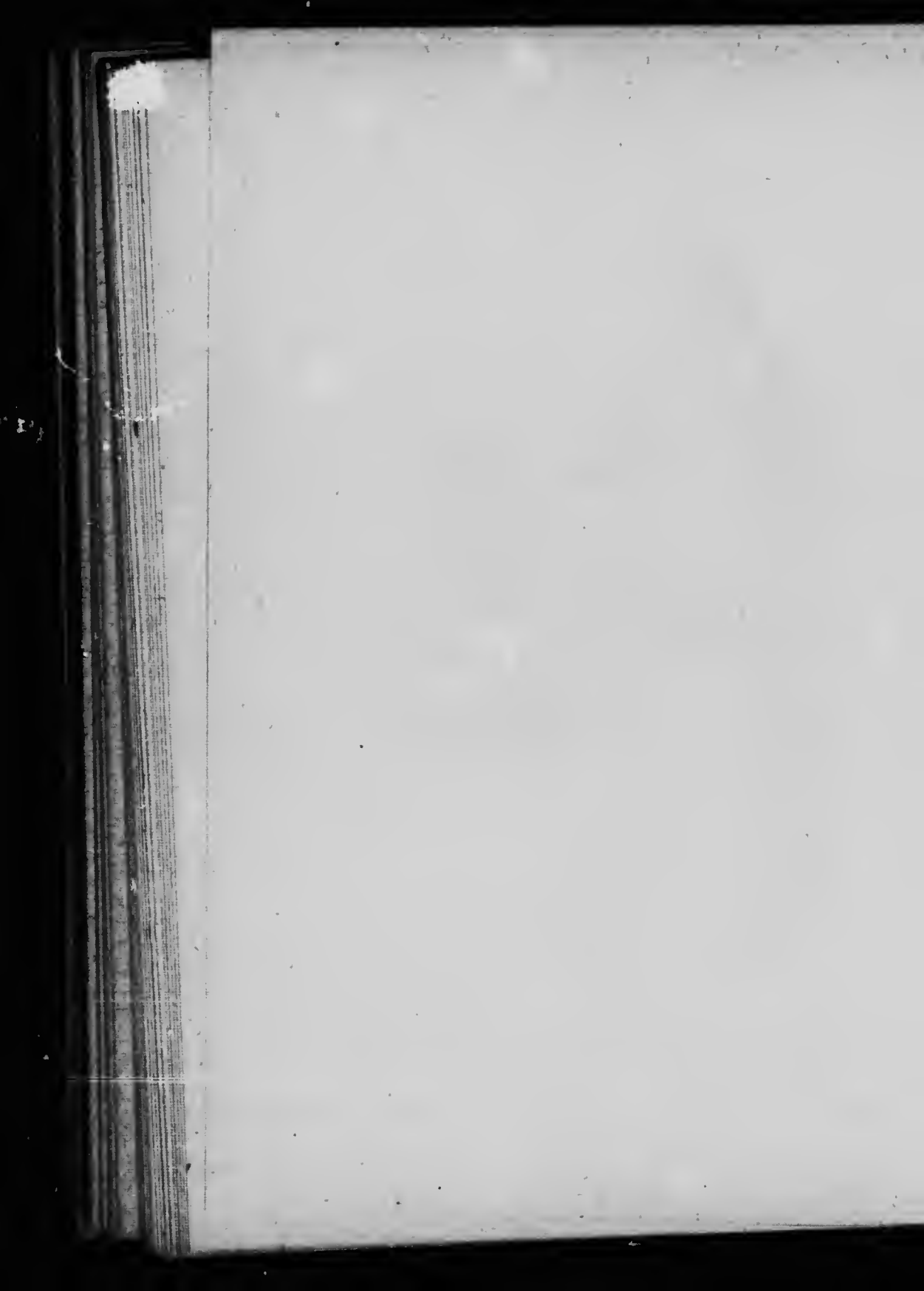
To what class of people in the United States would our farmers sell their products if the United States tariff wall were removed? Would they expect to sell to the farmers of the United States? No. Certainly not. They would expect to sell to the people in the cities, to the manufacturers of the United States, their employees and the people directly and indirectly dependent upon them. Why, then, is the *Toronto Sun* so hostile to the same class of people in Canada? A workman in a Canadian factory has just as good



## RECIPROCITY AGITATION



Uncle Sam —I don't know that I care much about reciprocity, but I tell you what I'll do, Wilfrid. You throw off the top row of stones on your wall, and I'll throw off the top row on mine—there. (See page 75.)



an appetite as a workman in a factory of the United States. The United States is a great manufacturing country because the farmers of that country have for many years voted in favor of high protection. It is a waste of time to try to get fair reciprocity from the United States. Even if the United States Government could be induced to agree to such an arrangement the United States Senate would never sanction a treaty that would be advantageous to Canada. But there is a way in which Canadian farmers can get all they seek when they ask for reciprocity with the United States. As already shown, what they seek is the privilege of selling farm products to American manufacturers and their employees. If they had free access to the United States market they could only hope to supply a small proportion of the food consumed by the workmen of the United States, for they would have to compete with millions of American farmers. But if the Canadian tariff on all manufactured goods and farm products which can be economically produced in Canada were raised as high as the United States tariff a great number of United States companies who are now manufacturing goods for Canadian consumption would

establish branch factories in Canada, giving employment to workmen who would have to get their food supplies from Canadian farmers. The effect of this movement of factories from the United States to Canada would be to give our farmers a better market for their products than they could secure by a reciprocity treaty.

It is very strange that those who think that Canadian farmers would be so greatly benefited by free admission of their products into American manufacturing towns and cities cannot appreciate the fact that Canadian towns and cities in which our farmers can always sell their products without let or hindrance, are of immense benefit to them, and that a policy of adequate protection, which would soon double the population of many of our towns and cities, would put money into the pockets of our farmers.

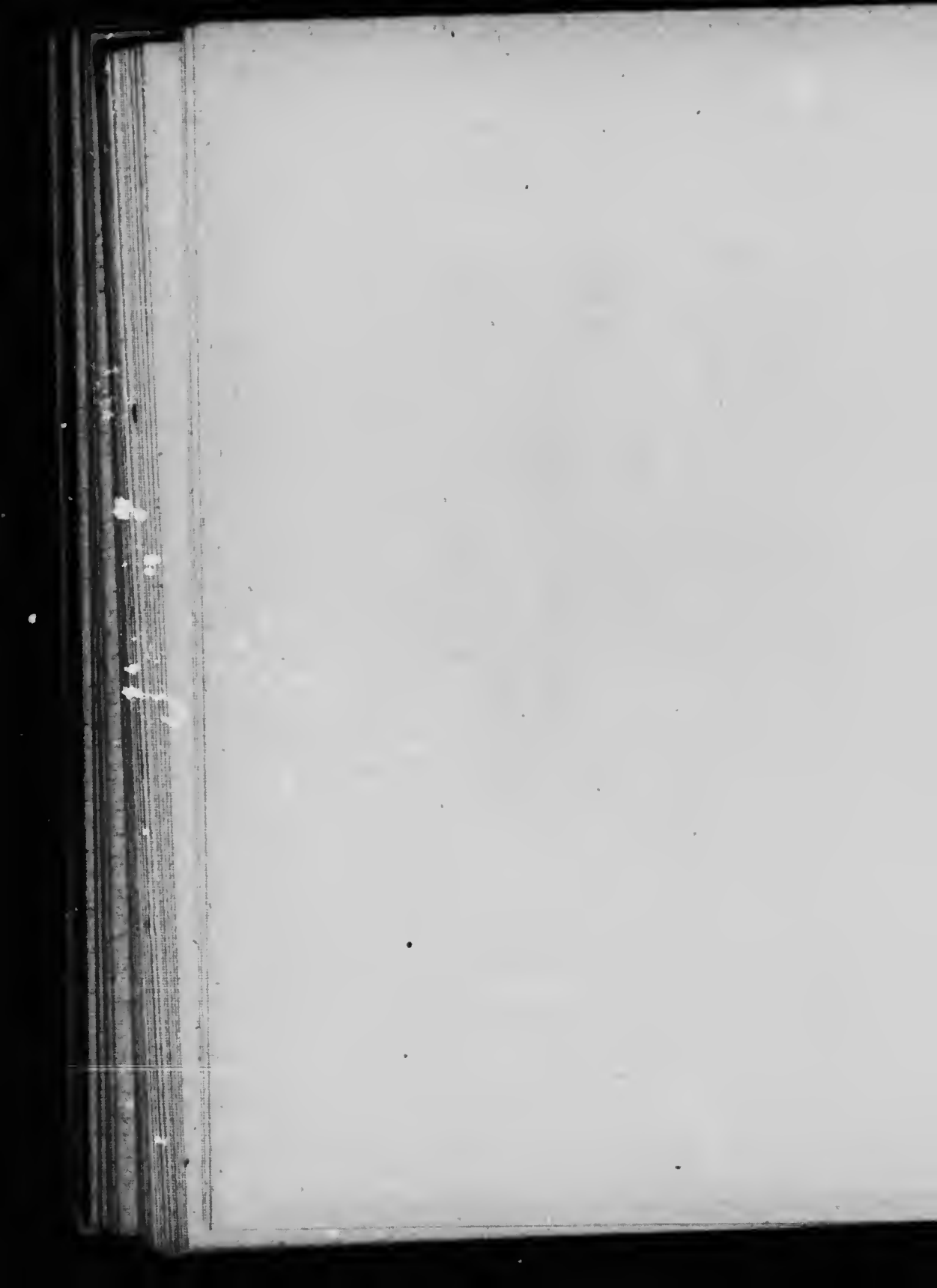
No trade arrangement with the United States would be lasting. The Americans would only agree to a reciprocity treaty with Canada for the purpose of killing the Imperial preferential trade movement, and having accomplished this, they would have no hesitation about ending any reciprocity treaty if they thought that by doing so they could

## BRANCH FACTORIES IN CANADA



Jack Canuck—Aren't you coming over here to manufacture your goods?

Uncle Sam—Yes, Johnny, but not till you raise your fence so's I can't step over it like I can now. See?



force Canada into annexation, so that Canadian farmers would hardly learn the road to the United States market before they would be cut off from it by a change of tariff.

But even if a permanent arrangement could be made with the United States for unrestricted reciprocity or commercial union it would mean that the millions of farmers in the United States would have the privilege of selling their products freely in Canada, and this would largely offset any advantages secured by Canadian farmers in general.

Very few of the large cities of the United States are near the Canadian border and some of the largest of them which consume great quantities of farm products are situated as near to the Southern States as to Canada and consequently in selling agricultural products in these markets Canadian farmers must expect to compete with the cheap negro labor of the South, and they cannot do it successfully unless they are willing to dwell in the same sort of cabins as the negroes and live in the same half civilized way.

The *Toronto Weekly Sun* points out that certain portions of southwestern Ontario are nearer to Buffalo and Detroit than to Toronto. So far as those sections

of Ontario within a distance of twenty or thirty miles from Buffalo or Detroit are concerned there is little doubt that the farmers would be greatly benefited by a reciprocity treaty with the United States if such a treaty could be permanent, for it is always advantageous to farmers to be within easy driving distance of a great city market, but farmers of the western peninsula of Ontario who are not within driving distance of Buffalo or Detroit would gain nothing by such a treaty. Buffalo and Detroit are the only two great American cities right on the border of Canada, and the number of Canadian farmers who live close to them is very small.

The *Weekly Sun* has frequently pointed out that the Ontario railways give better rates to American farm products than to Canadian farm products. Now, the farmers of Michigan, Ohio and New York, can produce all kinds of fruits, vegetables, cereals and meats, as cheaply as the farmers of Ontario, and if the *Weekly Sun* is right about the railway rates, they can lay them down more cheaply not only in Buffalo and Detroit, but in the towns of Ontario. Moreover the great Chicago meat companies would be able to sell western meat in Ontario towns at prices our farmers could not touch.



Reciprocity with the United States would mean that American farm products could come into Canada free of duty. Even now, when we impose protective duties on most United States farm products, the Americans are able to send into this country enormous quantities of farm products. If there were no tariff whatever on farm products the towns of western Ontario would be flooded with American farm products. There are a large number of thriving towns in southwestern Ontario. To say nothing of Toronto, we have Hamilton, St. Catharines, Brantford, Woodstock, London, St. Thomas, Chatham, Windsor, Sarnia, Stratford, Paris, Galt, Berlin, Guelph, Owen Sound, Barrie, Collingwood, and a number of other towns. With a reciprocity treaty in force American farm products would be sold in all these towns in competition with Canadian farm products, and at the same time many of the factories in these towns would be closed as a result of American competition. It will pay the farmers of western Ontario far better to increase the population of the numerous towns in their own districts by buying goods "Made in Canada" than to get reciprocity with the United States. If half the manufactured goods we now buy in the United States were made in Canada,

there would be an immense increase in the number of factories in the towns of western Ontario and a corresponding increase in the consuming population. By increasing our protection on both farm products and manufactured goods, we can build up a large number of thriving cities and towns in western Ontario that will consume great quantities of farm products. It will be far better for our farmers to have such prosperous towns scattered all over the western peninsula of Ontario than to be dependent upon two big American cities.

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## THE MORTGAGE LIFTER

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**T**HE Manitoba *Free Press*, the leading free trade newspaper of the Canadian North-west, in a recent editorial calling upon the farmers to raise more hogs, says :

"For the year ending June 30th, 1902, Manitoba alone received 417,306 lbs. of American bacon and hams and 300,000 lbs. of American lard. The receipts during the last six months of the year 1902 are not available, but everything points to these quantities being nearly doubled. This does not say anything as to the heavy receipts in the Northwest Territories over the Soo road; nor does it take into account the tremendous trade in British Columbia, of which fully three-quarters is supplied by American meats; nor does it include the Yukon meat market, which is largely controlled by Americans."

It looks as if the farmers of Manitoba and the Canadian Northwest Territories as well as those of Eastern Canada needed increased protection. As stated in a previous article the total importation of bacon, hams, shoulders and sides from the United States into Canada for the years 1902 and 1903, amounted to 8,217,498 lbs., while 1,799,195 lbs. of lard and 12,359,623 lbs. of salted

pork were imported from the United States in the same years. The present Canadian tariff on bacon and hams from the United States is only two cents per pound while the United States tariff on Canadian bacon and hams is five cents per pound. If the Canadian tariff on these products were as high as the United States tariff large packing houses would soon be established in Winnipeg, Calgary, Edmonton and other centres which would supply not only the local demand in the Canadian Northwest and British Columbia, but also ship to England. These packing houses would create a demand for hogs that would add greatly to the profits of farming. As the Winnipeg Free Press itself points out "the mortgage lifter" is the slang name for the hog in the Western States, and there is no reason why the raising of hogs should not be equally profitable in the Canadian Northwest. Many of the farmers from the United States who have settled in Alberta are said to be making preparations to go into hog raising. These new settlers will not be any better pleased than Canadian-born farmers to have bacon, ham, lard and salted pork from the United States competing with their products.

There are many other farm products of the Northwest that require more protection. There is no good reason why many of the products of United States farms coming into Canada should be taxed at little more than half the rate Canadian farm products have to pay to get over the border.

Already the consumption of farm products by the mining population of British Columbia and the Yukon Territory is large, and as the population increases the demand will be very great. Then the coal mines in Alberta are likely to be extensively developed and the miners employed in them must be supplied with food either by farmers in Canada or by farmers in the United States.

Every settler in the Canadian Northwest should use his influence to get the protection on farm products increased.

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## NECESSITY OF CO-OPERATION

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**C**ANADIAN farmers and manufacturers are mutually dependent upon each other. They must work together for the good of our common country, co-operating with each other in developing its resources, in getting cheaper transportation for their products, and in securing adequate protection against unfair foreign competition.

The farmers need protection as much as the manufacturers. They really have higher protection now than many of our manufacturers, but notwithstanding this protection, many millions of dollars worth of the same kind of farm products as they themselves produce are imported into Canada from the United States every year. Imagine what the importations would amount to if the protection on farm products were abolished.

The farmers will get a double advantage from a general increase in the tariff. Higher protection for farm products will shut out unnecessary importations of food from the United States, and give the home market to our farmers, and higher protection for manufactured products will cause the establish-

ment in Canada of many new factories and the enlargement of many old ones, giving employment to thousands of men, who with their families, will have to buy food from Canadian farmers.

When Canadian farmers buy goods made by workmen in United States workshops they cannot supply these workmen with food without paying the high duties imposed by the United States Government. The farmers do not pay the duties direct, but the exporters pay the farmers less because of those duties, so that the United States duties actually come out of the pockets of our farmers. As stated in a previous article if the Canadian tariff on manufactured goods were raised many of the United States manufacturers, who are now supplying Canadians with manufactured goods, would be obliged to start branches in Canada. Their workmen being in Canada, Canadian farm products could be sold to them without paying duties to the United States Government, and Canadian farmers would consequently get much better prices for their products. Moreover, the American manufacturers having started factories on the right side of the Canadian tariff wall, their agents would no longer have to pay duties on the

goods sold to Canadian farmers, and they could therefore afford to sell them to our farmers at lower prices than they now do. The competition being within the country instead of from outside would be very much more effective in keeping prices at a reasonable level.

No doubt the higher duties would in some cases cause a slight increase in prices of certain classes of manufactured goods for a short time, until industries were established in Canada on a large scale, but the prices would soon come down as the result of home competition, and the farmers would get so much better prices for many of the things they have to sell owing to the improved home market that their increased profits would more than offset a slight temporary increase in a few of the articles they have to buy.

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## NORTHWESTERN ONTARIO

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**T**HERE was for some years a dispute as to where the boundary between Manitoba and Ontario lay, a part of what is now known as New Ontario being claimed by Manitoba. Fortunately for Manitoba the two provinces are in the same Dominion and trade is unrestricted between them, so that it makes no difference commercially to which province this territory belongs. Commercially and socially it will always have as close relations with Manitoba as with Southern Ontario, and this is true not only of the land formerly claimed by Manitoba, but of all Northwestern Ontario. The country extending from Sudbury to Rat Portage is especially fitted by nature to become a great mining and manufacturing district, for it has numerous water powers and abundance of raw materials. It has not very extensive areas of agricultural land, and when it has a large population engaged in mining and manufacturing operations the neighboring farms will not be able to supply the demand for farm products. The farmers of the district will be able to sell all they produce at good

prices but there will be a deficiency which will have to be supplied by the farmers of Manitoba. Is it not evident that it will be better for the farmers of Manitoba to have workingmen employed in Rat Portage, Port Arthur or Sault Ste. Marie making goods for them and eating the food they produce than to have them employed in the distant cities of the United States, Germany and other foreign countries ?

## FACTORIES IN THE WESTERN STATES

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CANADIAN advocates of free trade or a low tariff try to set the West against the East. They tell the farmers of the Northwest that protection is a policy intended solely for the benefit of the manufacturers in the Eastern Provinces. The low tariff advocates of the United States used to tell the same story to the Western farmers. They said there were no manufacturing industries in the West and never could be. The protectionists, on the other hand, told the Western farmers that the ultimate effect of protection would be to cause the establishment of factories in the West as well as in the East. The farmers of the Western States gave their support to the party advocating high protection and they are now reaping the benefits of the policy. *The American Economist* points out that according to the last United States census in what may properly be called Western States there were in the year 1900 a total of 225,287 manufacturing establishments, with an aggregate capital of \$3,477,-

## 90 FACTORIES IN THE WESTERN STATES

587,249 and an annual product of \$5,252,311,029. In New England there were only about one-quarter as many manufacturing establishments as in the West, less than half the capital invested and an annual production of less than two-fifths that of the West.

The census figures give Nebraska 5,414 manufacturing establishments, with \$71,982,127 capital and an annual production of \$143,990,102 ; Iowa, 14,819 establishments, \$102,733,103 capital and \$204,617,877 product ; Missouri, 18,759 establishments, \$249,888,581 capital and \$385,492,784 product ; Minnesota, 11,114 establishments, \$165,832,246 capital and \$262,655,881 product ; Kansas, 7,830 establishments, \$66,827,362 capital and \$172,129,398 product ; South Dakota, 1,639 establishments, \$7,578,895 capital and \$12,231,239 product ; Colorado, 3,570 establishments, \$62,825,472 capital and \$102,830,137 product. These industries give employment to a great number of workmen, who with their families and the tradesmen dependent upon them create a most profitable home market for the farmers.

## THEY DON'T KNOW THE WEST

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**T**HE theory that the rapid settlement of the Northwest means the division of Canada into two great hostile sections, the East devoted to manufactures and the West to agriculture is purely fanciful.

The idea that Western Canada can be placed in antagonism to Eastern Canada on the tariff question is born of ignorance regarding Western resources. It is alleged that the West will oppose protection because it is unfitted by Nature to be a manufacturing country. But Nature has been kinder to the West than freetraders suppose. There is no reason why manufacturing industries should not spring up in towns and villages throughout Manitoba and the Northwest Territories just as they have in the towns of Ontario, in spite of the predictions made for many years that Ontario could never become a manufacturing province. The freetraders used to be just as emphatic in declaring that Ontario was not naturally adapted for manufacturing as they now are in underrating the industrial possibilities of the Northwest. The development of

industries in Ontario was long delayed owing to lack of protection. During the last twenty-four years under a policy of moderate protection there has been a gratifying growth of industries and now one now pretends that this province is not naturally adapted for manufacturing, but the development would have been much more rapid if the protective tariff had been as effective as that of the United States.

If Canada now adopts a policy of adequate protection the growth of manufacturing industries will be more rapid in the Northwest than it has been in the Eastern Provinces where many industries have had a hard struggle for existence owing to insufficient protection.

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## WINNIPEG AS AN INDUS- TRIAL CENTRE.

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**T**HERE is very little doubt that Winnipeg will in a few years have cheap electric power from the St. Andrew's Rapids or the waterfalls of the Winnipeg River. The result must be the establishment of numerous mills and factories in the Northwest metropolis if adequate protection is assured. The maintenance of the protective tariff and the strengthening of weak points in it is, therefore, of very great importance to Manitoba's chief city. With free trade or a low tariff Winnipeg manufacturers would have to compete with the great industrial establishments of St. Paul and Minneapolis, which are very favorably located for trade with the Canadian Northwest. Winnipeg will always be an important distributing centre, but without manufactures it can never become a very great city.

The development of Winnipeg will be to the advantage of the whole Northwest. Winnipeg is the gateway city of the Northwest and visitors get their first impressions from it. The amount of British and Ameri-

can capital invested in the Northwest will to some extent depend upon the opinion which tourists form of Winnipeg.

The farmers of Manitoba are proud of Winnipeg. They have a feeling of proprietorship in the capital of their province and would like to see it develop into a big city. But apart from sentiment it is manifestly in the interest of the farmers to build up in Manitoba a great industrial centre, for the workingmen and those dependent on them will consume vast quantities of farm products.



## MANUFACTURES OF BRANDON

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**T**HE town of Brandon, Man., with a population of between five and six thousand people has quite a number of manufacturing industries. The Winnipeg Telegram, in a special number describing the town of Brandon, gives the following list of articles manufactured in that progressive town: Threshing engines, boilers, chemical fire engines, fanning mills, carriages, pumps, monuments, bricks, tents, awnings, overalls, binder twine, harness, tanned hides, fur coats, fur robes, fur mitts, dressed lumber, doors, sashes, mouldings, flour, oatmeal, pickles, creamery butter, beer, and ginger ale. There are three firms manufacturing harness, two manufacturing pumps, and two dressed lumber. A woollen factory was recently started to manufacture yarns, flannels, blankets, etc. The binder twine factory will undertake the manufacture of rope if adequate protection is granted, and the establishment of several other industries is talked of.

A town of the same population in Ontario would have reason to be proud of such a

list of industries. Of course some of these industries are only conducted on a small scale, but their business would increase very rapidly if United States manufactures of the same kind were shut out of the Canadian Northwest by a high tariff.

Mr. Wolverton, manager of the Brandon binder twine factory, has been making experiments with a view to utilizing the vast quantities of flax straw grown in the Northwest and burned every year. It is stated that about 40,000 acres of flax are grown in Manitoba and the Territories for the seed alone, the straw being burned. Mr. Wolverton claims that in the flax straw so destroyed there is a fibre which would be worth at least \$2,000,000 if extracted. He recently returned from a careful investigation of the methods of growing, handling and manufacturing flax in Ireland, Scotland and England. He has discussed the problem with many experts and collected a vast amount of information not only as to the methods of handling flax in the above countries, but in Belgium, France, Russia, India, Australia, and the United States. From the agricultural departments of the various governments he has received publications of great value. He has followed the

experiments that have been made during the last twenty years, and thinks he has found the cause of failure. He claims to have invented a system of treating flax by which he has made on a small scale from Northwest flax straw binder twine longer, stronger and evener than any now in use. Patents have been applied for and arrangements are being made to construct machinery to manufacture binder twine from flax fibre on a large scale. If Mr. Wolverson's hopes are realized the binder twine industry will become of immense value to the farmers of the Northwest.

The Winnipeg Telegram concludes its review of Brandon industries with the following suggestions for future development :

“Although some farm implements and carriages are made in Brandon, yet the industry could be advantageously developed. The nearness of the ranching country makes it possible to manufacture leather as well as boots and shoes, and the excellent railway facilities apply to this industry as well as to others. Clothing of all descriptions might be manufactured here as elsewhere, and the manufacture of crockery and glassware as well as woollen goods must at sometime find a foothold in the west, and

there is no reason to be offered why Brandon should not be its home. For an abattoir there is an exceptionally good opening owing to Brandon's handy means of access to the northern, western and southern stock raisers, and the closeness with which Brandon is in touch with the fluctuation of the world's markets. Biscuits and confectionery could be made here at no greater outlay than in other cities, and there is also an excellent outlook for a good electrical firm, a wire fence factory and a broom factory. Another industry for which Brandon is admirably located is that of sugar making. Progressive agriculturists have already carried out careful tests along the line of raising beets and testing, as far as possible, their saccharine properties. In every case, results have been eminently satisfactory, thoroughly demonstrating the fact that the scheme is feasible. The average yield of roots in the district was in the neighborhood of 300 bushels per acre, the soil being particularly well adapted to the raising of beets of all varieties."

## AMBITION OF MEDICINE HAT

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**M**EDICINE Hat in the territory of Assiniboia is very ambitious and hopes to rank as one of the big manufacturing towns of the Northwest. Its citizens claim that owing to the fact that there are natural gas wells in the vicinity cheap fuel can be supplied to manufacturing industries, the success of natural gas as fuel having been proved in a number of manufacturing towns of the United States. The Medicine Hat Woollen Mills Co., Ltd., has just constructed a large woollen mill. This industry represents an investment of eighty-five thousand dollars. It will immediately employ at least forty hands and it is estimated that the company will during the first season of operation buy about half a million pounds of wool from the farmers of that district. Medicine Hat is in the centre of a great grazing country, most favorable for sheep raising. Is it not evident that it will be more profitable to the farmers of Assiniboia to sell their wool to factories near at hand than to pay high transportation charges on railways and ships to distant factories in

England, Germany and other countries  
across the seas? Adequate protection  
would cause the establishment of many  
more woollen factories in Assiniboia.

## INDUSTRIAL POSSIBILITIES OF ALBERTA

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No part of Canada has more to gain from the adoption of a policy of adequate protection than Alberta. The farms of Alberta are very far from the markets of both the United Kingdom and the United States. Distance from markets means high charges for transportation which eat up the farmer's profits. Not only must the farmer pay the railway and the steamship companies to carry his products across the continent and over the ocean, but the merchants must pay high freight rates on all the goods they have to sell, and consequently they must charge the farmers higher prices for these goods.

The remedy is to bring the factories and farms closer together. If the fertile farm lands of the Canadian Northwest could be lifted up and set down close to the great manufacturing centres of England or the United States the whole question of transportation could be quickly settled and the farmers would soon grow rich. The farms cannot be moved closer to the factories,

but factories can be brought closer to the farms.

Alberta is naturally well adapted for the development of manufacturing industries. There are extensive coal areas in both Northern and Southern Alberta and the Crow's Nest coal mines of British Columbia are not far distant from Southern Alberta. The coal deposits already discovered would be sufficient to supply the Territories with fuel for generations and there is little doubt that new discoveries will be made. Imagine what the province of Ontario would give for Alberta's coal! A great variety of raw materials can be obtained from the territory of Alberta itself and the eastern sections of British Columbia. It may be noted that raw materials brought by rail from the mountains to the towns of Alberta will have the advantage of the down grade which should make transportation less expensive.

If the Canadian protective tariff is raised as high as that of the United States Alberta will not have to wait long for factories. The manufacturers of the United States, who under our low tariff are able to sell many millions of dollars worth of goods in Canada



every year, will begin to look for sites in the Dominion for branch factories as soon as the tariff is raised and a district having such great natural advantages as Alberta cannot fail to attract some of them.

Of course it is not to be expected that all the needs of Alberta will be supplied by local factories under a system of high protection. Considerable quantities of goods from the factories of Eastern Canada will be sold, but the local factories will have the advantage of saving the long railway haul.

An industry for which Alberta appears to possess peculiar natural advantages is the manufacture of woollens. Ontario woollen manufacturers are now using considerable quantities of wool produced in the ranching country of Alberta near the foothills of the Rocky Mountains and the flocks are rapidly increasing.

Some of the smallest villages of Alberta that now seem almost unworthy of notice may yet become thriving manufacturing towns. Already the larger towns are beginning to develop industries.

Calgary is very favorably situated to become a great distributing centre for Southern Alberta and the town is near enough to the coal fields to get cheap supplies of fuel, so

that it ought to be an important manufacturing city. The irrigation project of the Canadian Pacific Railway will, when carried out, build up a prosperous farming community tributary to Calgary and it will pay the farmers better to sell butter, cheese, eggs, meats, vegetables and other products to workingmen in Calgary than to ship them at great cost for transportation to distant cities in the United States or Europe.

An industry of South Alberta which deserves special mention is the beet sugar factory at Raymond which cost in the neighborhood of half a million dollars. The buildings and appurtenances cover an area of nearly five acres. The main building is 350 ft. long, 70 ft. wide, and three stories high. There is a boiler house 100 ft. long, five large beet sheds and a sugar warehouse that will contain 2,000,000 pounds of sugar, a lime burning plant, a fine chemical laboratory and extensive machine shops. When running at full capacity the factory requires 50,000 gallons of water daily and consumes 400 tons of beets, 40 tons of coal and 20 tons of lime rock daily. The output for a full season's run will be ten million pounds of sugar.

Referring to the establishment of this industry in Alberta, the *Daily Times* of

Brandon, Man., says: "In Alberta, as in parts of Canada, the people are learning the great truth that the manufacturing interests are not opposed to the agricultural interests, but rather that these two will mutually assist each other to the great benefit of all concerned. Farming is to-day and will be for many years to come the principal industry in Western Canada, but no country depending upon its agricultural interests alone can ever become truly great. Manufacture and commerce have their proper place in every community to convert the raw product into an article of greater value, and to export that article to where a demand exists for it. Let us develop the varied resources of Canada and build up a strong Canadian nation."

The citizens of Edmonton are proud of the fact that their town is built right over a great coal bed that outcrops on the banks of the Saskatchewan. The freetrader who tries to persuade the people of Edmonton and Strathcona that they can never hope to build up big manufacturing cities will have his trouble for his pains. They know that they have all the natural advantages in their favor and they have enterprise enough to make the most of those advantages if adequate pro-

tection for home industries is assured. Edmonton and Strathcona are located side by side on the opposite banks of the Saskatchewan. They may remain separate municipalities but commercially and socially they will form one big city. One of the features of the reception Strathcona gave the members of the Canadian Manufacturers' Association on the occasion of the recent visit to the West was an exhibit of the products of the town and district and the visitors were surprised to find not only farm products and minerals but also a great variety of manufactures. Strathcona boasts that its manufactured products include lace leather, shoe and harness leather, tan fur pelts, robes, iron and brass castings, especially for mill machinery, dressed lumber, bricks, boots, shoes, shoepacks, wagons, buckboards, bob sleighs, jumpers, sail boats, skiffs, ferry boats, steam boats, gold dredges, bacon, hams, dried meats, lard, tallow, lager beer, ale, porter, malt, wheat flour, wheat granules, graham flour, bran, shorts, chop feed, rolled oats, oatmeal, pot and pearl barley, and factory butter. While most of these industries are as yet on a very small scale, with adequate protection they will develop into big industrial establishments,

giving employment to many men and creating a profitable home market for the farmers of the district.

Many little villages in the Northwest that are now scarcely heard of will develop into important manufacturing towns if adequate protection is assured.

Mr. J. Dickson, a well-known linen manufacturer of Leeds, Eng., after visiting the Edmonton district recently declared that nowhere except in Belgium were conditions of soil more favorable to growing flax. Should the farmers of Alberta send their flax to distant manufacturing centres of the United States or Europe to be manufactured and then sent back to them in the form of linen? Will it not be wiser to have it manufactured in the towns of Alberta, thus saving transportation charges both ways?

In this connection a letter written to the Montreal *Family Herald* and *Weekly Star* by one of the new settlers in Alberta is worth quoting. The writer says :

"I came over the border a year ago with my brother, as we had heard much of the cheap farms in the Canadian Northwest. We both got good farms not many miles from Wetaskiwin, and are well satisfied with this country, but we miss the manufacturing towns we had so near our farms in Illinois. The great question here is the cost of transporting our farm

products on the railway and on the ocean to distant markets. If there were factories in Alberta, a large consuming population would soon grow up in this territory, and we would not need to trouble ourselves very much about transportation. Alberta has every natural advantage for becoming a great manufacturing country. There is coal in abundance, and swift little rivers coming down from the mountains furnish cheap water-power. We know what protection has done for the farmers in the United States in building up manufacturing towns near them. My father bought his farm in Illinois for five dollars an acre. He recently sold it for one hundred and fifteen dollars an acre. The increase in price was due to the growth of manufacturing towns in the State. My father's farm was not near enough to a town to be sold in town lots. Its increased value was entirely due to the better market for farm products. However, a friend of ours had a farm quite close to a manufacturing town. As the town grew farm lands were required for workingmen's houses, and he sold his farm to a real estate syndicate for five hundred dollars an acre. The syndicate divided it into building lots, and I have heard that they made quite a pile of money out of it. In conclusion, let me say that if the Canadian Government would put up the tariff as high as the United States tariff we would soon have plenty of factories in Alberta. I was surprised to see in one of the Canadian newspapers that when the American farmers, now pouring into Alberta become Canadian citizens they will force the Dominion Government to adopt free trade. Why should we vote for free trade in Canada when we have been voting for high protection all our lives in the United States."

The development of mining and manufacturing industries in British Columbia is also of great importance to the farmers of Alberta. The farms of British Columbia do not produce enough to feed even the present population and large quantities of agricultural products are imported from the United States in addition to the supplies obtained from Alberta. A policy of high protection that would develop the mining and manufacturing industries of British Columbia and at the same time shut out American farm products would be very beneficial to the farmers of both Alberta and British Columbia.

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## THE CASE OF BRITISH COLUMBIA

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**A**FTER the publication of the preceding article in **INDUSTRIAL CANADA** for July, 1903, the following letter was received from a member of Parliament whose mind appeared to be open to conviction :

OTTAWA, July 13, 1903.

DEAR SIR,—The article on “The Industrial Possibilities of Alberta” in **INDUSTRIAL CANADA** for July, concluded as follows :

“A policy of high protection that would develop the mining and manufacturing industries of British Columbia and at the same time shut out American farm products, would be very beneficial to the farmers of both Alberta and British Columbia.”

The conclusion that the farmers of Alberta and British Columbia would be benefited by a policy of high protection that would develop the mining and manufacturing industries of British Columbia seems incontrovertible. I know something of the value to the farmers of Alberta of the market in the mining districts of Kootenay, and it is a self-evident truth, to the tariff-for-revenue apostle as well as to the high protectionist, that the larger that market can be made, whether the expansion be caused by high or low tariff or no tariff at all, the resultant benefits



to the farmers of Alberta and British Columbia, in all probability, would be proportionate to the extension of the great mining industry and the increase in the numbers of highly paid workmen engaged therein. That proposition, as a statement of an economic truth, is unassailable as one would be, coming from a learned academician, that two and two make four. Assuming that your assumption, viz., that high protection would develop the mining and manufacturing industries of British Columbia is correct, there can be little doubt that great benefits would accrue to the farmers of the West. But I cannot assume, in respect to mining anything of the kind. Leave manufacturing out of the question, as I am not now disputing the possibilities of advantages being derived by that industry in British Columbia or elsewhere in Canada from high protection. Deal with mining in British Columbia and tell your readers how a policy of high protection is going to develop that industry. And deal with the whole question of mining. I will admit that a policy of high protection on lead and lead products would give to Canadian lead producers the Canadian market, which you will know would not absorb one half of the output of lead in Canada. What sort of a policy of high protection would enable the lead miners to dispose of their surplus? And then please explain how copper and gold mining is to be benefited by a policy of high protection, or how the great coal interests of the Crow's Nest district and Vancouver Island are to be bene-

fited by taxing to the point of exclusion everything that Canada now buys abroad. As I have already stated, high protection on manufactured goods may be a benefit to Canada; I am not disputing that. I am concerned only in learning from you how you expect by high protection to develop gold, copper and silver mining in British Columbia. I am seeking after information, and go at once to the fountain head.

Yours truly,

A MEMBER OF PARLIAMENT.

If there were no manufacturing industries in Canada at the present time the Canadian market would not absorb any part of the output of the British Columbia lead mines. There is a considerable Canadian demand for lead because we have developed home manufactures by protection, and the best way to increase the home demand is to increase the protection and so extend the business of the Canadian manufacturers who use lead as a raw material. The paint manufacturers, for example, use lead quite extensively. If most of the foreign paints now imported were shut out of Canada by high protection the home paint manufacturers would require more lead even if the Canadian consumption of paint did not increase, but a general increase in the tariff would cause an extension of many different

manufacturing industries that use paint as a material. For instance enormous quantities of paint are used in agricultural implement works and carriage factories. All visitors to such establishments are surprised to see the extent of the floor space occupied by the painting departments and the quantity of paint consumed. If all the agricultural implements and carriages imported from the United States were made in Canada there would be a great increase in the demand for paint and consequently for lead. There are many other industries that use paint as a material. Then the growth of cities and towns, which always attends the development of manufactures, creates a great demand for paint for residences and business houses. Every new building requires more or less paint. Lead is also used extensively in cities for water pipes, water cisterns, etc., and sometimes for roofing houses. At the works of the Dominion Iron and Steel Company in Sydney, C.B., lead was used in the construction of large chambers for the manufacture of sulphuric acid. If space would allow, numerous other examples could be given of the way in which the demand for lead would be increased by the development of Canadian manufacturing industries.

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What is true of lead is true of copper. An extension of Canadian manufacturing industries will increase the home demand for copper.

It requires no demonstration to prove that a great development of manufacturing industries in British Columbia and Alberta would increase the home demand for coal, both in the interior and on the coast. The Nova Scotia coal mine operators used to look upon the United States as their natural market, but now consider the Canadian market of far more importance than any outside market. The Dominion Iron and Steel Works at Sydney, C.B., alone consume as much coal as the total production of all the Nova Scotia mines at the time the National Policy was adopted, and large quantities are required by the works at Ferrona, New Glasgow and Londonderry, to say nothing of the new works of the Nova Scotia Steel Company under construction at Sydney Mines. Immense quantities of Nova Scotia coal are consumed by the factories of Quebec Province. The City of Montreal alone requires enough coal for its industries to keep a great force of miners busy. The development of manufacturing industries in Alberta and British Columbia will have a similar

effect upon the great coal interests of the Crow's Nest district and Vancouver Island. These coal mines are conveniently situated for sending coal into the United States, but it is altogether uncertain what restrictions on importation may be imposed by the United States. The British Columbia coal miners can never control legislation in the United States Congress. Then it must be remembered that there is coal in British Columbia much farther away from the border than the mines of the Crow's Nest and Vancouver Island are. These mines will never be extensively developed until there are local manufacturing industries.

Iron mining may yet become a more important industry in British Columbia than gold mining.

With numerous water powers, extensive deposits of iron ore, unlimited supplies of coal of the best quality and inexhaustible forests of the finest timber, British Columbia has very great natural advantages for iron-making and wood-working industries and the conditions are also very favorable for the manufacture of textiles, especially woollens. Wool from Australia and New Zealand could be mixed with the wool produced in British Columbia and Alberta.

A home demand for their products is not so essential to the gold and silver miners as to the lead, copper, iron and coal miners, but there are many ways in which they would be benefited by the establishment of manufacturing industries. One of the essentials of successful mining is cheap transportation. Now if the railways have to depend upon gold and silver mining alone for traffic they must charge higher rates than if they have many other sources of traffic to add to their earnings.

It should be noted that lead and silver are found together in the same ore. If the British Columbia miners cannot dispose of their lead, they can only mine ores which are very rich in silver, so that any policy which makes mining profitable will increase British Columbia's output of silver.

One very important question for British Columbia is "Will the men who make fortunes in gold and silver mining remain in the province? That will depend largely upon whether British Columbia offers varied opportunities for the investment of capital. Another question is, "What will become of the men who fail in gold mining?" If British Columbia has nothing else to offer them they will drift out of Canada dis-

gusted with their bad luck and spread evil reports about the country, but if there are a variety of mining and manufacturing industries in the province they will soon find work at something else and become contented citizens.

The cities of Vancouver and Victoria have developed quite a profitable business with the Klondike region, but everyone knows that the American coast cities would have captured nearly the whole of that trade but for the protective tariff. An increase in the tariff would give the British Columbia cities a still larger share of the trade than they now have.

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## FARMERS OF THE MARITIME PROVINCES

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**T**HE farmers of the Maritime Provinces have even more reason to favor a policy of protection than those of Central Canada and the Canadian North-west. Although they lie so much nearer to Europe they have no great steamship lines such as run out of Montreal in summer carrying the products of Ontario, Quebec and the Northwest to British ports. They have an Atlantic steamship service from St. John and Halifax for a few months in the winter, but for the greater part of the year they are almost without facilities for the cheap transportation of farm products to Britain. But even if they had a good trans-Atlantic service all the year round they could not look to England for a market to the same extent that the western provinces do, for they do not produce enough breadstuffs to feed their own people. It has been shown that there is not much room for expansion in cheese exports. A market might be found in the United Kingdom for large quantities of butter if the butter of Den-



mark, Sweden, Russia and the United States were shut out, and perhaps even in competition with those countries if there were a good steamship service, but unquestionably a good home market would be worth more to the farmers of the Maritime Provinces than any outside market. The coal miners and the workmen employed in the iron and steel works already consume considerable quantities of farm products. The multiplication of such industries will give the farmer a profitable home market at all seasons of the year for everything they produce. Canada imported last year over \$42,000,000 worth of iron and steel and manufactures thereof. If our tariff approximated to that of the United States a considerable portion of these iron and steel manufactures would be produced in the Maritime Provinces. Many other manufacturing industries would be started in the provinces by the sea if our tariff were higher. No other part of the Dominion possesses greater natural advantages for the prosecution of the woollen industry. Ontario woollen manufacturers say that the best wool produced in Canada is that which comes from Nova Scotia and Prince Edward Island. There are already a few woollen factories in the Maritime Provinces, but

they require more protection. An expansion of the woollen industry would not only give employment to a large number of men who would consume farm products, but it would create a local market for wool.

There are a great variety of other industries for which the Maritime Provinces are naturally well adapted and with adequate protection many prosperous industrial towns would soon develop throughout these provinces creating a profitable home market for farmers, fishermen and miners.

It should be noted that every new manufacturing industry established increases the demand for coal, necessitating the employment of additional miners who must buy their food from the farmers and fishermen. The manufacturing industries of Quebec province also get their coal from Nova Scotia and there is reason to believe that as a result of the enlargement of the canals Nova Scotia coal will soon be used to a considerable extent by the manufacturers of Ontario.

## CANADIAN MONEY FOR CARNEGIE

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**WE** hear a great deal about the money that Mr. Andrew Carnegie has given to Canada, but nothing about the millions of money which Canadians have sent to Mr. Andrew Carnegie. During the fiscal year 1903 Canadians sent to the United States over twenty-eight million dollars for iron and steel and manufactures of iron and steel. A very large part of this went directly or indirectly to the United States Steel Trust from which Mr. Andrew Carnegie derives most of his wealth. Of course all these millions did not represent profits for Mr. Carnegie and his associates in the United States Steel Trust. The greater part of the money was paid out in the United States in wages to workingmen, in renewing machinery, in purchasing raw materials and in other ways, but the profits on the steel sold to Canada during the last twenty years would build a great many libraries. The best reply to Mr. Carnegie's sneers about Canada would be to make the Canadian tariff on iron and steel and manufactures thereof as high as the United

**States tariff. The effect of thus raising our tariff would be to build up in Canada great iron and steel industries which would give employment to thousands of Canadian workmen and keep in circulation in the Dominion many millions of money which we now send to the United States.**

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## WHEN BRITAIN HAD PROTECTION

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**T**HOSE who believe that all Great Britain's progress has been due to the adoption of free trade should read the speech made by Henry Clay before the United States House of Representatives when the protective tariff bill of 1824 was being discussed. Mr. Clay, who has been called the father of protection in the United States, made a statistical comparison between Great Britain and other countries of Europe, showing how greatly the British people had prospered under protection.

Britain at that time had a higher protective tariff than any other country, and Mr. Clay's comparison showed that it was the most prosperous country in the world, that the earnings of the people were greater in proportion to the cost of living, and that the wealth of the country was increasing in a most extraordinary way.

In conclusion Mr. Clay said: "The committee will observe that the measure of the wealth of a nation is indicated by the measure of its protection of its industry, and that the measure of the poverty of a nation

is marked by that of the degree in which it neglects and abandons the care of its own industry, leaving it exposed to the action of foreign powers. Great Britain protects most her industry, and the wealth of Great Britain is consequently the greatest. France is next in the degree of protection and France is next in the order of wealth. Spain most neglects the duty of protecting the industry of her subjects, and Spain is one of the poorest of European nations. The views of British prosperity, which I have endeavored to present, show that her protecting policy is adapted alike to a state of war and peace. Self-poised, resting upon her own internal resources, possessing a home market, carefully cherished and guarded, she is ever prepared for any emergency. We have seen her coming out of a war of incalculable exertion, and of great duration, with her power unbroken, her means undiminished. We have seen that almost every revolving year of peace has brought along with it an increase of her manufactures, of her commerce, and consequently of her navigation. We have seen that, constructing her prosperity upon the solid foundation of her own protecting policy, it is unaffected by the vicissitudes of

other states. What is our own condition? Depending upon the state of foreign powers—confiding exclusively in a foreign, to the culpable neglect of domestic policy—our interests are affected by their movements. Their wars, their misfortunes, are the only source of our prosperity. . . their peace, and our peace, we hold our condition the reverse of that of Great Britain, and all our interests stationary or declining. Peace brings to us none of the blessings of peace. Our system is anomalous ; alike unfitted to general tranquility, and to a state of war or peace, on the part of our own country, it can succeed only in the rare occurrence of a general state of war throughout Europe?"

## RUINED BRITISH FARMERS

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**I**T is not at all surprising that so many British farmers are protectionists. The effect free trade has had upon farming interests in England is well described by Sir Guilford L. Molesworth, who says: "For many years England did not feel the blighting effects of free trade. She had a good start in the race, and it would naturally take years for other nations to overtake her; but the capital which she recklessly expended in purchasing abroad commodities that might have been produced at home gradually armed other nations with funds for successful competition with her. It was not until after twenty or twenty-five years that the effects of her policy began to be felt. The situation had to some extent been saved by the partial restriction of unlimited free imports in consequence of the Crimean and American civil wars. Our agriculture, being more heavily burdened by taxation than any other industry, was the first to suffer; and in 1879 a Commission was appointed to enquire into its depression. The evidence before that Commission disclosed a ruinous state of affairs. Sir James



Caird estimated the loss of farmers' capital in six years at £38,000,000 sterling. Sir Robert Giffin admitted that there had been an enormous depression, involving losses equivalent to what is usually considered the whole of the farmers' profit. The evidence showed that the inroads made on agricultural capital rendered it impossible to continue good farming, and in many cases the land had sunk in condition and become foul, had run to weed and gone out of cultivation. In 1893 the condition of our agriculture had gone from bad to worse, and a Royal Commission was again appointed to enquire into its depression. The report of this Commission showed that the ruin was complete, especially with regard to arable land. Mr. Pringle, the Assistant Commissioner, prepared a ghastly map of a portion of Essex, formerly a prosperous wheat-growing district. The map is strewn over with a profusion of black patches, indicating the farms that have passed from good wheat cultivation to coarse, weedy pasture. The whole report teems with evidence showing that, in many cases rent has been entirely paid out of capital, that the capital of farmers has been gradually exhausted, that stock, horses and cattle have diminished, that the land has seriously deteriorated, and

that which has been left alone has gradually 'tumbled down' to weeds, that property has constantly been changing hands ; farmers are in debt, freeholds heavily mortgaged, and mortgagees losing their money. One property purchased during prosperous times for £8,000 has been sold for £420. Land mortgaged for £9,000 has been foreclosed, with the result that the land can neither be let nor sold, and the mortgagee is out of pocket, having to pay tithes, rates, taxes, as well as the wages of a caretaker. In short, the evidence disclosed a state of absolute ruin on all sides. More than 3,000,000 acres have gone out of cultivation between the years 1868 and 1893, namely, 1,757,000 acres of wheat, 804,000 acres of grain, and 612,000 acres of green crop. Meanwhile it is a significant fact that while the production of wheat and grain has fallen off in England in so serious a manner, it has increased largely in Protectionist countries. Between 1831-40 and 1887 the production of grain has increased in France 41 per cent., in Germany 143 per cent., in Holland 150 per cent., in Belgium 127 per cent., and in Italy 104 per cent. In like manner the production of wheat has increased in France 44 per cent., in Germany 100 per cent., in Holland and Belgium 100 per cent., in Italy 135 per cent."



Canadian Farmer—Don't you think it was a rather mean trick to sell me such rotten cloth as this?

Country Merchant—I was deceived myself. Those imported shoddy woollens look so fine that no one but an expert can tell what they are. A good specific duty on woollens would shut out such trash. (See page 131).



## SPECIFIC AND AD VALOREM DUTIES

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**P**ROBABLY all the readers of these articles understand the meaning of the terms specific and *ad valorem* duties, but it will do no harm to define them. A specific duty is a definite duty of so much per yard, so much per bushel or so much per article, irrespective of the value, the amount being determined at the time the tariff is adopted by Parliament. Thus, supposing Parliament fixes the duty on barley at 15 cents per bushel, that is a specific duty and must be collected on all barley imported no matter how the market value fluctuates. Parliament fixes the percentage of the *ad valorem* duty, but the amount to be paid varies with the condition of the markets of the countries from which articles are imported and is always changing. Thus, supposing the price of barley to be 50 cents per bushel and the *ad valorem* duty thirty per cent., it would amount to 15 cents, but if the price of barley increased to 60 cents the duty would be 18 cents. The British customs tariff is exclusively specific.

The Canadian tariff combines the two systems, but most of the duties are *ad valorem*. It is a curious fact that Canadian advocates of a tariff for revenue only, while pointing to the British system as a model, have always advocated *ad valorem* duties.

The United States Congress has always favored a combination of the two systems, but specific duties are much more generally adopted in the United States tariff than in the Canadian tariff

It is perhaps wiser not to lay down any cast iron rule in this regard, but there are many strong arguments in favor of specific duties.

Opponents of specific duties have two stock arguments. One of these is that such duties are deceptive ; the other is that they discriminate against the poor and favor the rich. But such duties do not deceive anyone who knows the simple rules of arithmetic, for having the price of the article and the specific duty, it is a very simple operation to calculate the percentage, while for those who do not understand the simple rules of arithmetic it is more confusing to say that the duty is thirty per cent. *ad valorem* than it is to say it is fifteen cents per bushel. As to the other objection that the poor man is

discriminated against because under the system of specific duties cheap goods pay a higher rate per cent. than higher priced goods, it may be answered that specific duties, by shutting out cheap, shoddy goods, may save the poor man from being cheated by unscrupulous dealers. It will be found on investigation in almost every case where a complaint is made about a high duty on a line of cheap goods that an article just as good or better is made in the country and sold at as low a price as the imported article would sell for if there were no duty at all. Then it should be noted that many lines of goods imported can be classified according to quality, and when goods are so classified, each grade having a specific duty according to its quality, it is easier for any qualified appraiser in a custom house to decide to which grade such an importation belongs than it is for him to determine the exact market price of each article in the country from which it is imported, which he is expected to do under the *ad valorem* system.

It is impossible for customs officers throughout the country to always determine exactly the prices of all kinds of goods in the countries from which they come, and consequently under the *ad valorem* system

the same classes of goods will often be valued differently at different customs houses no matter how honest both the customs officials and importers may be. Now, it is easy to see what a disturbing effect it has upon business when customs officials in Vancouver, Winnipeg, Toronto, Montreal and Halifax all value the same class of goods differently. Suppose for instance that the customs officials of Toronto and Montreal put a different valuation on a certain line of goods, the importers in one city have an advantage over those of the other. It is so difficult for a customs official to determine the value of goods in the country from which they are imported that he is often obliged to depend upon the valuation given in the invoices of the importers, and this opens the way for fraudulent undervaluation on the part of dishonest importers, which has a most demoralizing effect upon trade because the honest importer and the home manufacturer are unable to compete with the dishonest importer. Moreover, when the valuation depends on the invoice the large importer has an advantage over the small one, because buying in large quantities he gets his goods at a lower price, whereas with specific duties



the price paid by the importer not being taken into consideration at all when fixing the duties, the smallest importer gets exactly the same terms from the Government as his wealthy rival. The intention of the framers of our present tariff act was that everyone should pay the same rates and that the large importer should have no advantage over the small one, but it is evidently impossible to carry out the spirit of the act under the *ad valorem* system.

A tariff with a properly arranged system of specific duties cannot be framed so hurriedly as an *ad valorem* tariff. It requires greater care and better judgment on the part of the Finance Minister and the Minister of Customs, but when it is arranged it can be much more easily administered than an *ad valorem* tariff and is an almost absolute safeguard against fraudulent undervaluation, which is the bane of honest importers as well as of home manufacturers.

The general adoption of specific duties has been advocated in the United States on the ground that such a system would place every importer, large or small, upon the same footing as regards duties, that it would give both importers and manufacturers a more certain basis of calculation for their

### 134 SPECIFIC AND AD VALOREM DUTIES

transactions, would deprive the dishonest importer of an unfair advantage over his honest rival, and would considerably increase the revenues of the Government, because the amounts now pocketed by dishonest importers and by Government detectives and informers would go into the public treasury.

The strongest argument in favor of the specific duty from the protectionist standpoint is that it can be relied upon in a time of depression to protect the home manufacturer against unfair competition because the duty does not decrease as the price decreases.

Even as a revenue producer the specific tariff is more reliable than the *ad valorem* tariff. It is true that an *ad valorem* tariff will produce more revenue during times of prosperity, but it is liable to lead to deficits when hard times come.

However, the experience of the United States seems to show that when the duties are sufficiently high a combination of the two systems with a preference for specific duties whenever practicable proves effective both in protecting home industries and producing revenue.

## AN UNSTABLE TARIFF

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**T**HE opponents of tariff revision continually reiterate the declaration that Canada should have a stable tariff. Tariff instability, they say, is the greatest commercial curse.

It is very true that tariff instability is disastrous to commercial and industrial interests, but it does not follow that the tariff should never be revised. One reason why the tariff now in force requires revision is that it is essentially unstable because the duties are largely *ad valorem* and consequently go up as prices go up and down as prices go down. A tariff that continually fluctuates as prices change cannot be regarded as stable. In some lines of production Canadian manufacturers who had sufficient protection a year ago have not enough protection to-day because although the Government has not altered a single item of the tariff the *ad valorem* duties have been reduced automatically as prices went down in foreign countries. Some of our manufacturers who have ample protection to-day may have insufficient protection six months

from now if prices in foreign countries happen to go down in the meantime, because the *ad valorem* duties which now protect them will decrease as prices decrease. A general decrease in prices in foreign countries will indicate a falling off in the home demand of those countries and thus just as the Canadian duties are being automatically reduced the foreign competition may become most keen.

In revising the tariff specific duties should be substituted for *ad valorem* duties so far as practicable, and in cases where *ad valorem* duties are retained they should be made high enough to ensure adequate protection no matter how prices fluctuate. A well arranged specific tariff may average lower than an *ad valorem* tariff and yet afford better protection because it can be relied upon when protection is most needed.

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WHAT MAY HAPPEN IF HE WAITS TOO LONG.



Mr. Fielding—"Dear me! How much easier it would have been to have fixed this wall before the flood began."



## WHEN PRICES GO DOWN

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**B**OTH political parties have declared that it is their intention to protect Canadian interests in framing the tariff. They should therefore be equally desirous of making the protection effective.

Taking into consideration the conditions that have existed during the past seven years, all will agree that with few exceptions Canadian industries have been as fully protected against foreign competition under the Fielding tariff as they were under the Foster tariff which preceded it. Mr. Foster made the great mistake of lowering the tariff in a period of depression when prices were low and foreign competition was keen. Mr. Fielding still further reduced the duties, and if the same conditions had prevailed the results would have been disastrous to Canadian interests. But, fortunately for Canada, the conditions were not the same; the commerce of the world was just reviving from a long period of depression at the time this tariff was adopted, and shortly afterward entered upon the most remarkable period of prosperity and development ever

known. The Fielding tariff is largely *ad valorem*. Such a tariff goes up as prices go up, and down as prices go down. It so happened that immediately after the adoption of the present tariff prices went up all over the world, and consequently the protection was increased at the very time that it was least needed. High prices and good times have prevailed ever since, but no one knows how long it will be so. Mr. Fielding himself has said that the pendulum must swing back. When it does swing back, when hard times come, when the manufacturers of other countries begin to slaughter their goods in Canada, prices will decline, and with the prices the *ad valorem* tariff will go down low just at the time when it ought to be high.

It is a well-known fact that throughout the nineteenth century there were alternate periods of prosperity and depression, affecting all civilized countries and that the good times were as invariably attended by high prices as the bad times were by low prices. Sometimes a period of prosperity would close with a sudden panic. Sometimes the change from high prices and great prosperity to extreme depression would come gradually, the decline in prices extending over a number of years.



There is no reason to believe that the twentieth century will be exempt from similar fluctuations, and it is folly to shut our eyes to this fact and neglect to make preparations for hard times.

According to the Toronto *Globe's* report of the banquet in Halifax on December 12, 1902, Mr. Fielding, referring to the tariff, said :

" If there is an inequality which needs to be remedied we are prepared to consider it and remedy it. If there is a new condition created by the establishment of some new industry; if there are conditions abroad which are interfering with our trade; in short, *if anything has happened*, we do not propose to shut our eyes to established facts, but we do say that where the country has prospered under this tariff there is no reason for getting up an excitement for purposes of having us return to high duties."

Now, if it is right to change the tariff in order to protect Canadian interests after "anything has happened," why would it not be wise to make the change before something happens which everyone ought to be able to foresee? Is it not better to close the door before the horse is stolen than afterward?

## PREPARE FOR WINTER IN SUMMER

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**T**HE one reply to all proposals for tariff reform is, "The country is prosperous now. Why make a change?" It would be just as sensible to say in summer time, "It is warm now. Why prepare for winter?"

The early explorers came to Canada in summer. They found the weather as warm or warmer than in the countries from which they came. There was nothing to indicate that there would be very low temperatures a few months later and they did not make sufficient preparations for winter. Consequently when cold weather came they suffered greatly and sent home such gloomy reports about the terrible winters that the reputation of Canada has suffered ever since. Canadians of the present day know enough to prepare for winter before it comes.

If the temperatures of Canada were the same throughout the year as they are during the summer months our way of living would be very different. The cost of our houses would be greatly reduced and we would spend far less money on clothing. Most of

our building operations are conducted in summer, but the builder always has the rigors of winter in mind, and no matter how warm the weather may be when a woman goes house-hunting one of the first questions she asks is, "Will it be warm in winter?"

There are no signs of winter during the summer months, but we know that while the earth remaineth, seedtime and harvest, and cold and heat and summer and winter and day and night shall not cease." We know equally well that the experience of the world shows that periods of prosperity and depression alternate, affecting to a greater or less extent all civilized countries.

It has been summer time in the business world during the last seven years, but the summer will not always last. In framing a tariff as in building a house it will not do to live altogether in the present. We must look to the future.

No method of warding off either winter or hard times has yet been discovered, but just as the cold of winter can be made endurable and even pleasant by taking proper precautions, so the worst effects of commercial depressions may be prevented by wise fiscal measures.

If the people live too extravagantly or engage in reckless speculations during a period of prosperity they cannot escape the consequences. A high protective tariff will not enable a nation to avoid paying the penalty of its own mistakes, but by preventing excessive importations of foreign goods during a period of world-wide depression, it will to a great extent save a young country from being ruined by the mistakes of older nations.

In summer time it does not matter much whether the walls of one's house are thick or thin, but it makes a great deal of difference in the winter. In a period of universal prosperity there is such a brisk demand for goods in the great manufacturing countries that they can hardly keep up with home orders. High prices prevail and there is very little cutting at home or abroad. Consequently a very moderate protective tariff gives as ample protection against unfair foreign competition during good times as a very high protective tariff does in bad times, when the manufacturers of foreign countries are anxious to get rid of their surplus stocks at any price.

## IS THE DYKE HIGH ENOUGH?

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**W**HEN a dyke is built to protect a city from river floods the height of the wall is not determined by the depth of the water in the river at ordinary times. When the water is at its usual level there may be no need of a dyke, but no man can tell when a flood may come, and it is impossible to provide protection after the waters rise. That is why it is necessary to maintain a dyke at all times. In a period of low water people are apt to look at the dyke and say: "What is the need of this unsightly wall? If we cannot remove it altogether let us cut it down a little." And so long as the water in the river remains at its normal depth a few inches less in the height of the dyke makes no difference. But when the flood comes everyone sees the folly of destroying any portion of the dyke. What is true of protection against floods is equally true of protection against foreign manufacturers. A tariff which affords sufficient protection to home manufacturers during a period of world-wide prosperity may prove altogether inadequate during a period of world-wide

depression. The present Canadian tariff, adopted at the beginning of the most prosperous period the world has ever known, has not yet been tested during hard times, and it is a serious question for manufacturers, workingmen and every branch of trade dependent upon them to consider whether the dyke of protection is high enough to withstand a flood of foreign bankrupt stocks. When hard times prevail the surplus stocks in the great manufacturing countries must be got rid of in some way, and the easiest way to dispose of them without completely demoralizing home prices is to slaughter them in the markets of countries having inadequate protection.

Ever since the Liberal Government of Canada reduced the protective tariff the world at large has enjoyed unprecedented prosperity; factories have been working overtime and the noise of the hammers has been heard by night as well as by day in all the civilized lands of the earth; in every branch of industry there has been extraordinary activity. The manufacturers of the United States and other great manufacturing countries have been able to sell everything they produced at good prices and in many cases they have had more home orders

than they could fill. There has been little temptation to sacrifice goods in the Canadian market, and consequently the weakness of the present tariff has not been revealed. Canada now offers greater inducements to immigrants than any other country and the people of the United States and Europe are beginning to realize the fact. The rapid settlement of our farm lands will create a demand for manufactures, and there is no reason to fear the next period of depression, provided we do not allow the manufacturers of foreign countries to slaughter their goods in the Canadian market. But the time to provide protection is before the flood comes.

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## A CHAPTER OF HISTORY

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**A**N old chapter in the tariff history of the United States may be of interest to Canadians just now.

From 1816 to 1824, under a low tariff, the United States suffered from extreme depression. In 1824, after a hot campaign in favor of protection, the Whig party, having secured control of the United States Congress, passed an Act which gave protection to all American industries and immediately restored prosperity to the country. This act, with slight modifications, remained in force until 1832, and brought about a most remarkable development of manufacturing industries. In 1832, owing to a bitter free trade agitation in the Southern States, supported by the Democrats in the Northern States, it was feared that the Protectionist party might lose control of Congress. The commercial depression abroad had somewhat affected business in the United States, and although there was no extreme depression the times were not as prosperous as they had been for some years after protection was adopted. Some of the Protec-



tionist party said if the tariff must be lowered it would be better to have it done by friends than by enemies of protection. Even Henry Clay, the great exponent of protection, yielded to the demand for tariff reform in the hope of pacifying the South, and considerably reduced the tariff, just as Hon. George E. Foster "lopped off the mouldering branches" of the Canadian tariff in 1894. In 1833 the Free Trade party secured control of Congress and greatly lowered the tariff. A commercial depression followed, which culminated in the panic of 1837. Clay, who had long before repented his "moment of weakness," became again a high protectionist, and remained so for the remainder of his life. The Whigs, the party of protection, again obtained control of Congress; protection was re-established by the tariff act of 1842, and prosperity returned to the country. In the next election the Democrats did not carry on any campaign against protection, except in the purely agricultural States of the South. In the manufacturing districts they even advocated protection or assured the manufacturers that they would carefully safeguard all established interests. The result was a Democratic victory. A great many people supposed that the new

government would immediately destroy the protective tariff and the Whigs predicted all kinds of calamities as a result of Democratic free trade. But instead of abolishing protection root and branch, as some of their friends as well as some of their enemies expected them to do, they only slightly reduced the duties by the tariff act of 1846, and they were even charged with stealing the clothes of their opponents. Very soon after the passage of this act, a period of extraordinary prosperity in England and other countries greatly benefited the United States.

There was a great demand for American farm products, and the home demand for British goods was so satisfactory that there was no temptation to slaughter British goods in the United States. The discoveries of gold in Australia and California wonderfully stimulated trade. Under such conditions the tariff act of 1846 gave sufficient protection to most of the home industries, and the country was so prosperous that even many pronounced protectionists began to believe that low protection was better than high protection. The two parties had come very close together on the tariff question. The Democrats entirely ceased

all talk against protection, except in the purely agricultural districts, and on the other hand, the Whigs contented themselves with charging that the Democrats had stolen their policy. To the manufacturers it seemed that there was little difference in the policies of the two parties, and it did not much matter which was in power. Large enterprises were undertaken, speculation was prevalent and the settlement of the West was rapid. The Whigs attributed the prosperity to the discoveries of gold and the world-wide prosperity existing at the time. The Democrats said it was due to the tariff of 1846. They were now at the parting of the ways. They had so completely abandoned their old attitude in favor of free trade that they might easily have become as thorough protectionists as the Whigs. There was still a free trade element in the party, but it seemed for a time to be in a minority, and there was evidently a strong desire on the part of the leaders to please the manufacturers. In the next election they were returned to power and their control of national affairs became firmly established. The famine in Ireland, revolutions in Europe, and the Crimean war, following one on the heels of the other,

helped to create a demand for American farm products at high prices, while at the same time preventing outside competition with American manufacturers. The manufacturers who had formerly been bitterly hostile to the Democrats, were now quite reconciled to Democratic rule, and in the election of 1856 the party was again victorious. But signs of trouble began to appear. Times were not so good in England, and British manufacturers, finding the home demand for their goods rather slack, commenced to slaughter them in the United States. The low tariff which had furnished sufficient protection during a period of world-wide prosperity, became altogether inadequate. The manufacturers began to ask for higher protection as soon as the storm clouds appeared, but the free trade element argued that the lowering of the tariff in 1846 had had such satisfactory results that another reduction in duties would be the most effective means of warding off calamities. This opinion prevailed and in 1857 the tariff was again reduced. The result was most disastrous, a commercial panic immediately following which prostrated almost every industry in the country, bringing ruin and distress to thousands of homes.

From this experience of the United States both political parties in Canada at the present time may learn a lesson.

The commercial conditions in Canada during the last seven years have been remarkably like those that prevailed in the United States between 1846 and 1853. Whether the sequel will be the same or not will depend upon the action of the men in power at Ottawa.

With adequate protection, Canada should suffer less during the next period of depression than any other country. The cheap farm lands of the United States are now all taken up, and a great rush of farmers from the United States to our Northwest has already begun. This movement of population is attracting the attention of Europe, and will do more to advertise the Dominion and remove false impressions regarding our climate and natural resources than anything else.

When hard times come in other countries emigration to Canada will be stimulated if conditions are favorable here. But if we allow the country to be flooded with foreign goods, causing our own factories to close down, very unfavorable reports will go forth to the outside world, Canadian securities

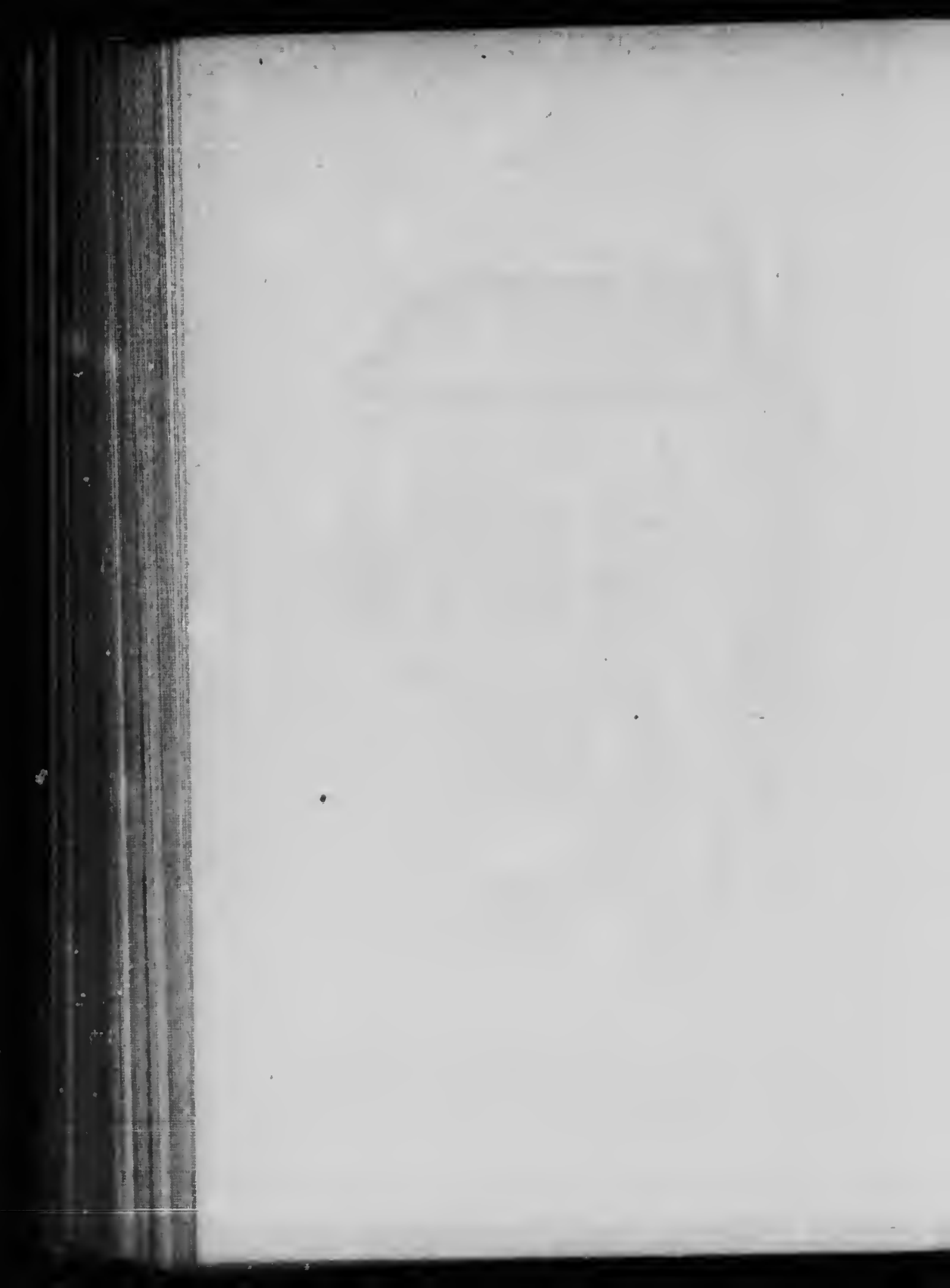
will depreciate, the big railway companies will find it impossible to secure capital abroad for the completion of their undertakings, and general stagnation will ensue.

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## THE LEAKY ROOF



Landlord Fielding—Why don't I repair the leaky roof, is it? Sure when the weather's fair and the sun of prosperity shinin' it don't need repairin', and when the rain of hard times sets in I can't.





## MIGHT ESCAPE DEPRESSION

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**T**HE best possible time for the adoption of a really efficient protective tariff by a young country is when a period of world-wide prosperity is drawing to a close. If the Canadian tariff had been framed on the lines of the McKinley tariff in 1897 when the period of world-wide prosperity was just beginning, the development of Canada during the last six years would have astonished the world, for nearly the whole Canadian consumption of manufactured goods would have been supplied by Canadian factories, but a period of depression would probably have followed, for the experience of the world shows that periods of prosperity and depression alternate under both free trade and protection, under high tariffs as well as under low tariffs. Yet there is reason to believe that Canada might escape the depression that is certain to come very soon in nearly all civilized countries by raising the tariff at the present time high enough to fully protect all Canadian industries.

During the last seven years the Americans have been manufacturing at home almost

everything they required. The home demand has been enormous and any falling off in home consumption must necessitate a great reduction in output unless a market can be found abroad for the surplus. In Canada, on the other hand, while the consumption of goods has been almost as great per head of population as in the United States the demand has been largely supplied by foreign manufacturers. Now, if the Canadian Government should decide to increase the protection just as the period of world-wide prosperity is drawing to a close, it might not prevent a decline in consumption taking place in Canada in common with all other countries, but the foreign goods shut out by the increase in the tariff would be largely replaced by Canadian goods and thus while the total consumption of goods in Canada per head of population might be less during the period of world-wide depression than it has been during the last seven years of prosperity the demand for Canadian goods would probably be as large as ever. Canada would thus enjoy good times while other nations were suffering from depression ; the news of our prosperity would go abroad ; immigrants would flock to the Dominion from the United States, the United Kingdom and all the

**countries of Europe; and Canada would get a start during the first decade of the century that would ensure for the remainder of the twentieth century a development even greater than the United States enjoyed during the nineteenth century.**

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## A BANK MANAGER'S TESTIMONY

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**A**T the thirty-seventh annual meeting of the shareholders of the Canadian Bank of Commerce held on the 12th of January, 1904, the general manager, Mr. B. E. Walker, said :

"If, as seems probable, we are to witness a general decline in prices, we must not be slow to recognize what this may mean. As we said a year ago, we must hold our own against a nation fifteen times as large in people and in industries. We cannot stand again as we have been forced to in the past the process of absorbing a large part of the surplus product of the United States. It is not a question of which fiscal policy we like, it is a question of holding our own in a time of war. It will only be industrial war, it is true, but it may be as fierce and unrelenting as ordinary war, although the results cannot be so terrible."

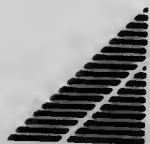
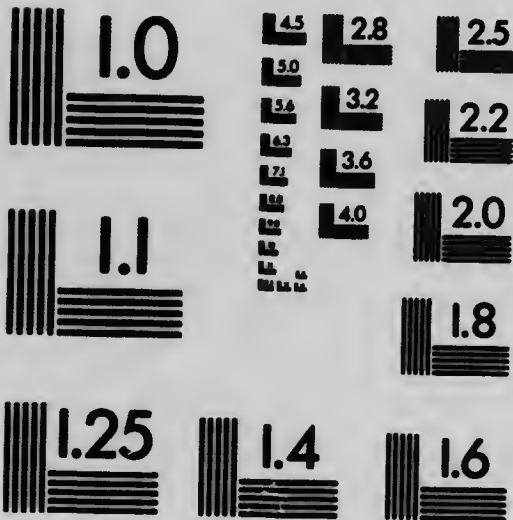
This is not the opinion of a politician, but that of a business man having exceptionally good opportunities for observing trade conditions, as he is at the head of a great financial institution with branches throughout the Dominion.

This is a business question, and the great majority of Canadian business men, irrespective of party, believe in a thorough revision of the tariff that will give all Canadian industries sufficient protection to secure them against unfair competition during a period of depression.



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## MR. CHAMBERLAIN ON HARD TIMES

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**H**ON. Joseph Chamberlain, in the course of his speech in the British House of Commons on the 28th of May, 1903, said :

“In America manufacturers are building up their works, and when there is a boom, as recently, their works are increased to meet the boom. So long as home trade consumes the output so long no goods come to this country, but the moment trade is bad—for instance, if there were a depression in the iron trade to-morrow, it is perfectly certain that great quantities of iron would be put down in this country or in countries we supply, at a price we could not possibly contend with. The consequence would be that, inasmuch as no manufacturer here could possibly stand a loss of that description for many years together, his business would be ruined and the whole of his capital lost. Of one thing I am certain. If there should be a depression in some of our greatest industries and the result I predict should follow, nothing on earth would prevent the people of this country from imposing duties which would defend them against such unfair competition. I have indicated the lines on which my mind is moving, and have indicated the discussion which I wish to raise, and which I promise I will raise before the constituencies.”



Now if the old established industries of Britain with ample capital, low rates of interest, a concentrated consuming population at home within easy reach of the manufacturers, and cheap shipping rates to foreign countries, have reason to fear the competition of United States' manufacturers when hard times come, what may be said of Canadian industries? The consuming population of Canada is widely scattered. It can be reached as easily from United States' centres of industry as from those of Canada. In some cases the United States' manufacturers have an advantage of railway rates even on Canadian railways. Canadian manufacturers have to pay much higher rates of interest than British manufacturers, and wages are higher in Canada than in England. Is it any wonder that Canadian business men ask the Government to revise the tariff before hard times come?

## THE SEVEN FAT YEARS.

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**O**PPONENTS of tariff revision say: "Canada has enjoyed unprecedented prosperity during the past seven years. Why should we change a tariff that has accomplished such results?"

The United States has also had seven fat years in which both home trade and foreign trade have increased in a most remarkable way.

The exports of the United States increased from \$882,606,938 in 1896 to \$1,420,141,679 in 1903, a greater increase in seven years than took place in the previous thirty years. The total exports for the seven fat years as compared with the previous seven years were as follows:

### VALUE OF UNITED STATES EXPORTS

1897-1903.....	\$9,183,608,341
1890-1896.....	6,202,538,511

An increase in exports is not always an indication of prosperity, but in each of the seven fat years the balance of trade was largely in favor of the United States. The excess of exports over imports for the seven years amounted to \$3,513,526,252, which is equal to about \$219 per family, assuming that there are about 16,000,000 families in the United States.

**THE BANK DEPOSITS OF THE UNITED STATES**

The bank deposits of the United States increased from \$4,916,814,233 in 1896 to \$9,673,385,303 in 1903, an increase of \$4,756,571,070. The increase in bank deposits during the previous 21 years was only \$2,734,301,489.

**BANK CLEARINGS OF THE UNITED STATES**

The bank clearings of the United States for the seven fat years amounted to \$638,296,316,702. For the previous seven years the bank clearings only amounted to \$325,002,296,356.

**MONEY IN CIRCULATION IN THE UNITED STATES**

The money in circulation in the United States increased from \$1,506,434,966 in 1896 to \$2,367,692,169 in 1903, a greater increase than took place during the previous 32 years.

**FREIGHT CARRIED BY RAILWAYS**

The quantity of freight carried one mile by the railways of the United States in 1902 was 156,623,166,024 tons as compared with 13,885,853,634 tons in 1896. The quantity of freight carried in 1903 is not yet reported.

**UNITED STATES POST OFFICE RECEIPTS**

The receipts of the United States Post Office Department were \$134,224,443 in 1903

as compared with \$82,499,208 in 1896, a greater increase in seven years than took place during the previous 17 years.

The production of pig iron in the United States increased from 8,623,127 tons in 1896 to 18,009,252 tons in 1903, that is, it more than doubled in seven years. The consumption of pig iron has generally been regarded by business men as the best trade barometer.

Now, any business man can see that during a period of such unprecedented prosperity in the United States when there was an unusually large home demand for all manufactured products the manufacturers of the United States were less likely to offer dangerous competition in the Canadian market than they would be in ordinary times, and that consequently Canadian producers did not require so large a measure of protection as they did during the previous seven years of world-wide depression or as they will require when hard times come again in the United States. But even during those seven fat years imports of merchandise from the United States for consumption in Canada have exceeded the exports of Canadian merchandise to the United States by many millions of dollars.

## "A MAN OF STRAW"

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**I**N the early days of politics in the United States and Canada a device sometimes resorted to by politicians was known as "setting up a man of straw." The phrase was probably derived from the custom among farmers of making scarecrows out of straw, dressing them in men's clothes and setting them up in cornfields or orchards. In a political sense "setting up a man of straw" meant attributing to opponents a policy which they had never advocated, instead of criticizing their real policy. The "man of straw" in politics was as far from being real as the scarecrow was from being a live man. It was generally regarded as a proof that a policy was good when the opponents of it could find so little in it to criticize that they were obliged "to set up a man of straw."

The opponents of tariff reform in Canada are "setting up a man of straw" when they assume that advocates of tariff revision have asked the Government to give Canada precisely the same tariff, item for item, as the United States. They take up some item in

the United States tariff, show that it would not suit Canadian conditions and then claim that they have proven that the demand for tariff reform is ridiculous. But no one in Canada has ever advocated the adoption of a tariff precisely the same as that of the United States. The advocates of tariff revision simply urge the Government to adopt the United States principle of giving adequate protection to every industry that can be economically conducted in the country, taking Canadian conditions into consideration in every case.

A demand for a general revision of the tariff does not mean that every item in our tariff must be changed. It merely means that a careful investigation should be made regarding every item of the tariff and increases should be made in all cases where the present duties are insufficient to afford adequate protection.

Even from the standpoint of American interests the United States tariff is not absolutely perfect. Defects have been discovered in it which should be remedied, but taken as a whole the tariff of the United States has had a wonderful effect in developing the industries of that country and the principles upon which it is based are worthy

of imitation. Canadian statesmen would do well to take advantage of the long experience of American statesmen in framing tariffs to suit conditions very similar to our own. This experience is peculiarly valuable as regards the tariff relation of what are known as primary and secondary industries. The people of the United States recognize the necessity of giving the primary industries adequate protection without injury to the secondary industries that use the products of the primary industries as materials in manufacturing more highly finished products. Their experience in arranging tariff schedules to harmonize the interests of the varied industries of their country would be invaluable to Canadian statesmen.

When tariff reformers ask for a general tariff "*approximating to* that of the United States" it is a very different thing from demanding a tariff "*identical with* that of the United States." No one wants a high tariff on articles which cannot be economically produced in Canada.

The conditions in Canada are not precisely the same as in the United States. There are things grown in the Southern States that cannot be grown in Canada. Our

tariff must be so adjusted that natural products which cannot be grown in Canada can be obtained at the lowest possible cost—not necessarily from the United States, perhaps from some part of the British Empire. In the case of manufactures there are some articles of which the Canadian consumption is so small that even if the tariff were prohibitive it would not pay to start a factory in this country at the present stage of development. As the population increases, the situation will alter. Many articles which could not be profitably produced in Canada five years ago, owing to the limited Canadian demand, could now be advantageously manufactured here if there were sufficient protection because the Canadian demand is greater. Tariff framers often assume without investigation that an article cannot be profitably produced at home and must be imported from abroad and thus delay too long the development of home industries and home resources.

When a manufactured article or a raw material must be imported we should so far as possible give the preference to the countries of the British Empire, but in some cases it may be necessary to import from the United States or some other foreign country and the tariff should be adjusted accordingly.



It should be remembered that if a large proportion of the duties in the Canadian general tariff against foreign countries were made as high as those of the United States our tariff would still be radically different from the United States tariff because the preference given to British goods would make the minimum tariff of Canada considerably lower than that of our neighbors.

The opponents of tariff revision should burn their "man of straw" and come down to sober facts. No one in Canada wants the United States tariff, but the great majority of the Canadian people do want a tariff revision that will put an end to trade conditions under which Canadians buy from the United States thirty-four times as much per head of population as Americans buy from Canada.

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## EACH MAY LEARN FROM THE OTHER

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**T**HE United States tariff is far superior to the Canadian tariff, but on the other hand the Canadian banking system is very much better than that of the United States. The Government of the United States could profitably take lessons in banking from the Government of Canada just as the Canadian Government could profit by the tariff-making experience of the United States. Reform of the American banking system would not prevent periods of depression but it would greatly lessen the evils attending depressions.

During the last thirty years both Canada and the United States have passed through several periods of depression, but the high tariff country has wonderfully increased its population and wealth while each Canadian census has been a disappointment.

The adoption of a high protective tariff by Canada would not give the Canadian people immunity from commercial depressions, which affect all civilized countries, but it would help us to safely weather such depressions and would have the effect of building up in Canada a great industrial nation rivalling the United States in numbers and wealth.

## THE MANUFACTURERS' ASSOCIATION

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**T**HE attitude of the Canadian Manufacturers' Association on the tariff question has been very frequently misrepresented by opponents of tariff reform. The views of the Association in this matter were clearly set forth in the recommendations made by the Tariff Committee at the annual meeting in September, 1903, and adopted after full discussion. The attendance was very large and the meeting was practically unanimous, only one member dissenting. The resolutions were as follows:—

(1) That we reaffirm the tariff resolution passed at the last annual meeting in Halifax, as follows:

“Resolved, That in the opinion of this Association, the changed conditions, which now obtain in Canada, demand the immediate and thorough revision of the tariff upon lines which will more effectually transfer to the workshops of our Dominion the manufacture of many of the goods which we now import from other countries.

“That, in any such revision the interests of all sections of the community, whether of agriculture, mining, fishing, or manufactur-

ing, should be fully considered, with a view not only to the preservation, but to the further development of all these great natural industries.

That, while such a tariff should primarily be framed for Canadian interests, it should nevertheless give a substantial preference to the Mother Country, and also to any other part of the British Empire with which reciprocal preferential trade can be arranged, recognizing always that under any conditions the minimum tariff must afford adequate protection to all Canadian producers."

(2) That, except in very special cases, we are opposed to the granting of bounties in Canada as a substitute for a policy of reasonable and permanent protection.

(3) That we are strongly opposed to any reciprocity treaty with the United States affecting the manufacturing industries of Canada.

(4) We recommend that the Dominion Government establish in Canada a permanent tariff commission of experts, who shall have constant supervision of tariff policy and changes, and shall follow closely the workings of the Canadian tariff with a view to making such recommendations to the Government as will best conserve and advance the interests of the Dominion.

Mr. George E. Drummond, who is President of both the Canadian Manufacturers' Association and the Montreal Board of Trade, in the course of an address at the banquet of the Canadian Manufacturers'

Association in Toronto, on November 19, 1903, referring to the tariff question, said :

"We must all realize as a prime factor in this great question that we cannot afford to lower the standard of living in Canada. Labor must be as well paid here as in the neighboring republic or our people will continue, as in the past, to cross the border in search of better things. If, however, we do pay the same wages as those paid in the United States, then we must have the same protection for the products of our workmen as the tariff of the United States affords to the products of American workmen.

"The policy of the age is protection to home industries and enterprises. This is well evidenced by the agitation taking place in England at present. In so far as our home market, Canada, is concerned, we also must adopt the same measures as our rivals, and in adopting such measures must make them thoroughly efficient.

"With regard to the Mother Country, while in the opinion of this Association, our customs tariff should primarily be framed for Canadian interests, it should, nevertheless, we think, give a substantial preference to the Mother Country, and also to any other part of the British Empire, with which reciprocal preferential trade can be arranged, recognizing always that under any conditions our minimum tariff must afford adequate protection to all Canadian producers.

"We favor an immediate revision of the present Canadian customs tariff and the adoption :

"1. Of a general tariff, framed especially to meet Canadian conditions, based in principle upon and approximating to that now in force in the United States, a tariff that shall protect Canadian industries and pursuits as efficiently as the tariff of the United States protects the industries of that country

"2. We favor a policy of reciprocal preferential trade within the British Empire whereby through readjustment of their respective fiscal systems the United Kingdom and her colonies will each grant to the products of the others a substantial preference as against the products of *foreign* countries."

Some of the newspapers have assumed that Mr. Drummond asked for a tariff precisely the same as that of the United States, but it must be clear to anyone who carefully reads the above statement of principles that he did not ask for the United States tariff. He distinctly said that our tariff should be "framed especially to meet Canadian conditions," while it should "protect Canadian industries and pursuits as efficiently as the tariff of the United States protects the industries of that country." In order that there might be no doubt about his meaning, Mr. Drummond added :

"It is not intended that the Canadian tariff shall be item for item the same as that of the United States. *Canadian conditions*

*must be taken into consideration in regard to every individual item."*

Mr. W. K. McNaught, chairman of the Tariff Committee of the Association, who is entirely in accord with President Drummond, said in reference to this declaration of principles:

"Canada does not want the United States tariff pure and simple, but a tariff which will protect Canadian industries of all kinds as fully as the United States tariff does those of the United States. We want a national tariff framed from a Canadian standpoint for Canadian needs."

In view of the fact that some of the newspapers misrepresented the statement of President Drummond the following resolution was passed at the meeting of the Executive Council of the Canadian Manufacturers' Association, on Dec. 17, 1903:

"The Canadian Manufacturers' Association is absolutely non-political. It has declared itself during the past two years in favor of an early and thorough revision of the Canadian tariff. It has advocated such revision: (a) In order that manufacturing in Canada may keep pace with the changed conditions and the needs of our market; (b) in order that capital and labor in Canada may be properly protected from the specialized and heavily-protected industries of foreign countries, which use the Canadian

market as their dumping ground; (c) in order that Canada's resources may be developed and Canadian industries built up; (d) in order that the surplus requirements of the Canadian market may be supplied from British rather than foreign sources.

"The Association does not advocate the adoption of the United States tariff. Some lines of manufacture in Canada may require as much protection as the same lines receive in the United States, many may require less. What we believe to be necessary is a tariff framed from a national standpoint, primarily for Canadian interests, and also to build up an increased trade with other parts of the British Empire. Above all, however, it must enable Canadian products to meet the competition of foreign labor on fair and equitable terms.

"The Association believes that it will be in the true interest of every citizen of the Dominion to revise the tariff so as to extend to every Canadian industry—mining, fisheries, agriculture and manufacturing—the same efficient protection against foreign competition."



COMBINES IN BRITAIN



(See pages 175 to 186)



## COMBINES IN BRITAIN

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**I**T is often asserted in Canada that protection fosters combines and that a country enjoying free trade is exempt from the evils of monopolies and trusts. An article entitled, "The Growth of Monopoly," by H. W. Macrosty, in the "Contemporary Review" for March, 1899, told a very different story. At that time, according to Mr. Macrosty, single amalgamations, while not entirely excluding competition controlled the screw, cotton, thread, salt, alkali, and india-rubber tire industries in Great Britain. In many cases where an actual consolidation had not taken place there was an agreement to maintain prices. In Birmingham 500 employers and 20,000 workmen were working under agreements to maintain prices, which were fixed by committees after examining the conditions of manufacture. Mr. E. J. Smith, the author of the Birmingham scheme of trade combination, said in January, 1898: "It was first adopted seven years ago in the metallic bedstead trade, and has been so successful in that industry that the trade is to-day one of the most envied in the country. Since

then it has been tried by the makers of spring mattresses, cased tubes, spun inounts, rolled metal, brass wire, metal tubes, iron and brass fenders, china, furniture, electrical fittings, pottery ware, common building bricks, and iron, brass and electroplated coffin handle plates and ornaments. Amongst other manufacturers who are taking it up are the makers of jet and Rockingham wares (potteries) galvanized hollow-ware, and brass and iron pins."

"There is no open market in antimony, nickel, mercury, lead pipes, fish supply and petroleum," said Mr. Macrosty. "Steel and iron rails are controlled by a ring. All the largest paper mills engaged in making newspapers have just consolidated their interests into one large combination. In the engineering trade twenty-four firms have a subscribed capital of £14,245,000. In 1897 Armstrong & Company absorbed Whitworth & Company, raising their capital to £4,210,000 in the process. In the spring of 1897 Vickers & Company, the armor-plate manufacturers, bought up the Naval Construction and Armaments Company, and later they acquired the Maxim-Nordenfelt Guns and Ammunition Company. Now they boast of being the only firm capable of turning out a battleship complete in every respect."

The firm of J. & P. Coates, of Paisley, after being formed into a limited liability company for the manufacture of sewing thread with a capital of £5,750,000, absorbed Kerr & Company, and Clarke & Company of Paisley, Chadwick & Company of Bolton, and Jones, Brook & Company of Meltham, the capital being raised to £10,000,000, on which a dividend of 20 per cent. is being paid. In December, 1897, the English Sewing Cotton Company, consisting of an amalgamation of fifteen firms, was floated with a capital of £2,000,000. Messrs. Coates took a large amount of the stock and it was thought that this would lead to an amalgamation with the great Paisley combination. In 1899 the new firm absorbed the Glasgow firm of R. F. & J. Alexander with a capital of £475,000. Seventeen firms of cotton spinners, mostly in Manchester and Bolton, had combined under the name of the Fine Cotton Spinners' and Doublers' Association, Limited, with an immense capitalization. The Bradford Dyers' Association, Limited, is another combination which in 1899 embraced twenty-two firms with a capital of £4,500,000 and employing 7,500 men. As a result of a recent amalgamation of several coal companies one combination employed 12,000 men, and an attempt had been made to con-

solidate all the coal companies. In the distributive coal trade W. Cory & Sons, Limited, formed by the union of eight large firms, handled 5,000,000 out of 8,000,000 tons of coal that reached London by sea in 1899.

In the retail trade the small man has a desperate struggle to retain a footing. Great department stores known as universal providers are crowding out the smaller stores. The joint stock system has spread to the distributing business. The capitalization of trading companies in the grocery, provision, meat, oil and drug trades organized in 1896-7 was over £18,000,000 and the movement has since been accelerated. One well-known retail provision company has a capital of a million pounds and another of two and a half million pounds. These large firms spread by setting up branches in both town and country, so that nowhere is the private shop-keeper secure from their competition. The prospectus of Lipton's Limited showed seventy-two branches in London and 181 in the provinces. The cheap restaurants of London are in the hands of four or five firms. The London milk trade is in the same condition. One tobacco company has over a hundred branches.

Where monopolies do not exist in the retail trade combines are generally arranged to

control prices. The bakers, for instance, have a price list, and should any baker break away from it he is speedily starved out by the combination of the other bakers to reduce prices still lower. After he is disposed of, the prices are raised again. The larger breweries have almost wiped out the private publican by taking over licenses through their nominees, and converting public houses into what are called "tied houses" bound to sell only particular kinds of liquor. Some of the large millers are getting a similar control over the baking trade by setting up employees of their own in bakers' shops, or by granting credit on condition of exclusive dealing.

"The Proprietary Articles Trade Association," consisting of both wholesale and retail chemists and druggists, is an extensive organization. It was organized in 1896 and one year later included 1,700 retailers and nearly all the wholesale firms. The members bind themselves not to sell below fixed wholesale and retail prices. A statement published by that association in the *Pharmaceutical Journal* says: "The plan by which prices are secured is simple. The proprietors of articles upon our list undertake to withhold supplies of their articles from any firm selling any one of them below the minimum prices

or from any firm who after due notice supplies such a cutter with any of the goods."

"The Chemists' Aerated Mineral Waters Association, Limited," is a co-operative organization including 4,000 chemists.

Such was the condition of affairs in Britain in 1899, when Mr. Macrosty wrote his article. A great many more combines have been established in Britain since the year 1899.

In the British House of Commons during the first week of March, 1904, Mr. Austin Taylor called the attention of the Government to a recent combination of Scotch steel makers whereby a minimum price with heavy penalties for selling below it has been agreed upon. Mr. Balfour replied: "I am aware of the combination referred to. The matter is not one which seems to call for any action on the part of the Government."

It is evident that neither protection nor free trade can be blamed for the existence of combines. They flourish under both systems and a successful plan to regulate them has not yet been devised.

Haxell's Annual for 1904 gives the following list of trusts and combines formed in the United Kingdom in recent years with the number of firms combined in each case and the capital.



COMBINES IN BRITAIN

Company	Industry	Firms combined	Capital
Nobel Dynamite Trust Co	Explosives	4	£2,785,000
Bath Stone Firms	Stone	7	250,000
Horrockses, Crewdson & Co.	Cottonspinners	3	925,000
The Salt Union	Salt	64	2,600,000 (reduced)
United Alkali Co.	Chemicals	51	8,420,500
Leeds Fireclay Co.	Fireclay	7	1,260,000
Buxton Lime Firms Co.	Lime	12	522,400
J. & P. Coats	Thread	5	11,180,000
W. Cory & Sons	Coalselling	8	2,730,000
Wilson's & Furness Leyland Line	Shipping	3	314,000
English Sewing Cotton Co.	Thread	15	3,000,000
Armstrong, Whitworth & Co.	Engineering, etc.	2	5,054,850
Shell Transport & Trading Co.	Shipping and Oil	11	3,000,000
Vickers, Sons & Maxims	Steel Shipbuilding, etc.	6	6,450,000
Broomhill Collieries	Coalmining	4	675,000
A. & J. Stewart & Menzies	Tubes	4	(See Stewarts & Lloyd)

Company	Industry	Firms combined	Capital £
Wilson's & Union Tube Co.....	Tubes.....	3	190,000
United Turkey Red Co.....	Dyeing.....	4	1,500,000
The Linen Thread Co.....	Linen Thread.....	6	2,000,000
Curtis & Harvey.....	Gunpowder.....	8	868,000
Fine Cotton Spinners & Doublers' Asso..	Cottonspinning.....	47	6,650,000
British Dyewoods & Chemical Co.....	Dyes.....	4	570,000
Bradford Dyers' Co.....	Dyeing.....	34	4,225,000
Borax Consolidated.....	Borax.....	12	2,550,000
Aberdeen Comb Co.....	Combs.....	3	287,500
Rickett, Cockerell & Co.....	Coalselling.....	2	900,000
York Indigo, Scarlet & Colour Dyers .....	Dyeing.....	11	468,000
Bradford Coal Merchants' Association....	Coalselling. . . . .	8	250,000
British Oil & Cake Mills.....	Oilcake.....	18	1,750,000
Yorkshire Woolcombers' Association....	Woolcombing.....	41	1,965,800
Barry, Ostlere & Shepherd.....	Linoleum.....	2	984,000
United Indigo & Chemical Co .....	Dyes.....	8	240,000
Textile Machinery Association.....	Wool Machinery.....	7	290,000

Textile Machinery Association.....

COMBINES IN BRITAIN

Company	Industry	Firms combined	Capital
Calico Printers' Association.....	Calico-printing.....	47	£8,226,400
English Velvet & Cord Dyers' Ass'n.....	Dyeing.....	22	711,000
Thames Ironworks.....	Shipbid'g & Engineer'g	2	900,000
John Brown & Co.....	Steel Shipbuilding.....	34	2,200,000
Wall Paper Manufacturers.....	Wall Paper.....	31	4,141,000
British Cotton & Wool Dyers' Ass'n.....	Dyeing.....	51	1,892,480
Yorkshire Dyeware & Chemical Co.....	Dyes.....	5	294,000
Bleachers' Association.....	Bleaching..	53	6,820,000
Associated Portland Cement Mfrs.....	Cement.....	28	6,488,000
Rivet, Bolt & Nut Co.....	Rivets, etc.....	15	412,500
United Velvet Cutters' Association.....	Velvet.....	5	200,000
Extract Wool and Merino Co.....	Wool.....	7	270,000
J. & J. Baldwin & Partners.....	Knitting-yarn.....	5	752,000
Leeds and District Worsted Dyers.....	Dyeing.....	10	226,000
English Fustian Cutting, Etc. Co.....	Fustian.....	5	500,000
South Durham Steel and Iron Co.....	Steel.....	3	850,000
Guest, Keen & Co.....	Steel.....	3	(See below)

Company	Industry	Firms combined	Capital
Richardson, Westgarth & Co.....	Engineering .....	3	£1,050,000
J. Dunlop & Co.....	Coal, Iron and Steel...	2	500,000
Fairbairn, Lawson, Combe, Barbour.....	Textile Machinery.....	3	1,100,000
Union Castle Line.....	Shipping .....	2	2,667,300
Rowley Regis Granite Quarries.....	Granite .....	8	100,000
F. Leyland & Co. ....	Shipping .....	2	3,115,000
Bucknall Steamship Lines .....	Shipping .....	3	1,850,000
Associated Omnibus Co. ....	Omnibuses .....	3	135,000
France, Fenwick & Co.....	Shipping .....	3	450,000
Ellerman Lines .....	Shipping .....	6	1,400,000
United Carlo Gatti, Stevenson & Slaters..Ice .....	Ice .....	3	380,000
Imperial Tobacco Co.....	Tobacco .....	20	20,250,000
Guest, Keen & Nettlefolds .....	Iron, steel .....	3	4,530,000
Baldwin's Limited .....	Iron .....	5	1,100,000
Metropolitan Amalgamated Railway Carriage & Waggon Co. ....	Waggon Co. ....	6	1,675,000
Dorman, Long & Co. (Bell Bros. and in 1903 N. E. Steel Co.).....	Steel, etc.....	3	3,300,000

1903 N. E. Steel Co.).....Steel, etc..... 3 3,300,000

COMBINES IN BRITAIN

Company	Industry	Firms combined	Capital
United Collieries Co.....	Coalmining.....	26	£3,000,000
Westralian Timber .....	Timber .....	8	1,400,000
Distilleries Co. ....	Whiskey .....	3	1,900,000
British Insulated & Helsby Cables .....	Telegraph cables .....	2	1,250,000
Imperial Cold-Storage Co. ....	Meat Refrigerating .....	2	2,000,000
Wright, Bindley & Gell .....	Umbrella Furniture .....	5	300,000
Waygood & Otis .....	Lifts.....	2	300,000
Cope Bros. ....	Tobacco .....	2	500,000
Dick Kerr & Co. ....	Electrical Engineers... ..	2	790,000
Stewarts & Lloyd .....	Tubes .....	2	1,750,000
North British Locomotive Co.....	Locomotives .....	3	1,750,000
Linotype and Machinery.....	Typewriters .....	2	2,950,000
Swan, Hunter, Whigham & Richardson .....	Shipbuilding & Engineering .....	4	1,473,000
Waring & Gillow .....	Furnishing .....	3	2,205,000
C. Cammell & Co. (and Laird Bros.).....	Steel, Shipbuilding.....	3	2,355,000

If the capitalization of these combines were expressed in dollars instead of pounds sterling it would make a bigger showing. This list does not include all the trusts in Britain. New combinations are constantly taking place.

But what has attracted much more attention in Britain than the trusts is the widespread system of agreements to maintain prices made between firms that have not amalgamated.

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## INTERNATIONAL TRUSTS

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**W**HILE trusts and combines exist under both free trade and protection their operations may be somewhat restricted by means of protective tariffs. If free trade prevailed in all countries there would be grave danger of the formation of international trusts which would control the output of commodities. Under such a system of world-wide trusts the most important industries would probably be concentrated in a few countries where the great capitalists of the world reside.

When a number of different industrial establishments engaged in the production of the same article combine to form a trust it is customary to close the smaller ones in a period of depression, when the demand for goods slackens. If Canada has not sufficient protection the great combines and trusts of the United States will be extended to include Canadian industries and as a result many of the Canadian factories, being smaller and not so well equipped as those of the United States, will be closed. Of course the Canadian capitalists who join the combine will be compensated, but the

industries will be lost to the country and the men employed in them will be obliged to seek employment in the United States. A policy of adequate protection may not prevent the extension of American trusts to Canada, but it will at least force them to manufacture in Canada if they wish to do business with Canadians.

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## MR. CHAMBERLAIN MISREPRESENTED

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**A** NUMBER of free trade newspapers and public men after trying for years to persuade the farmers that Canadian manufacturers were their enemies and that protection for manufacturers meant ruinously high taxation for farmers, have suddenly become exceedingly solicitous lest the adoption of Mr. Chamberlain's policy may mean ruin to Canadian manufacturers or at least prevent the establishment of new industries in Canada. Prof. Shortt, of Queen's University, a free trader, who a few months ago went out of his way to attack Canadian manufacturers because they wished to preserve the home market for Canadians, addressed the Canadian Club of Toronto in opposition to the Chamberlain policy on December 11. He said, that "we could not undertake to curtail our varied expansion," in order to keep British workmen at work. "Canada" he said "could not afford to put herself back to the position of New Zealand or even Australia. Our lead had been obtained by the development of our varied resources and no nation could be

strong by the development of any one interest. A country could not be great which was only one large rural district and whose inhabitants were cut off from great intellectual centres. Therefore, we could not meet the request that we should curtail our normal development and devote ourselves to supplying food or other raw materials and limit our manufacturing to primary industries."

This is very good protectionist logic but sounds rather queer in the mouth of a free trader who has been ridiculing the phrase "Canada for Canadians" and the policy of developing the varied resources of Canada by adequate protection.

While Prof. Shortt and the free trade newspapers have been expressing their anxiety lest Canada's power to protect its manufacturing industries may be restricted by Mr. Chamberlain, Canadian manufacturers and business men in general are not alarmed. The Canadian Manufacturers' Association was the first Canadian organization to cable a message of sympathy to Mr. Chamberlain, and the Boards of Trade of the leading Canadian cities composed largely of men interested in manufacturing industries have all passed resolutions endorsing Mr. Chamberlain's campaign.

Mr. Chamberlain in his speech at Tynemouth emphatically contradicted the report (which Canadian free traders are making so much of) to the effect that he wished to prevent the establishment of new industries in Canada or restrict in any way the development of colonial industries. Mr. Chamberlain said at Tynemouth :

“There has been a misapprehension as to something I said at Glasgow, and I want to make this clear, and I ask the great agencies of the press to convey my views to the colonies. I want what I say now to go to the colonies. I have just seen a manifesto issued by the National Liberal Federation, and signed by Mr. Augustine Birrell, whose facetiousness in other walks of life has given us all so much amusement. But in this political manifesto he says that my proposal is that the colonies are to enter into a self-denying ordinance never at any time and in any circumstance to extend the number of their manufactures, or to conquer new fields of commerce in competition with Great Britain. Now, facetiousness is all very well ; but it goes too far when it gives effect to such a gross misrepresentation as that. Of course, the object is perfectly clear. It is to induce the colonies to believe that I am blind to their natural conditions, to their own necessities, and that I am prepared to stop their progress, close it down absolutely and arbitrarily, in order to secure certain advantages for this country. I have never said anything of the kind, but it is printed as

though it were a paraphrase of what I have said (cheers). I have said nothing of the kind, and nothing of the kind would be possible if I had said it. No, sir, the colonists, I think, know me. They know that under no circumstances do I want to interfere with their commercial freedom any more than I should like them to interfere with our commercial freedom. We have given them full power to decide for themselves as to what their fiscal policy should be. When we come together in negotiation, we shall see how far we can arrange our fiscal policies to suit mutual interests. Neither has the right to say to the other. "You shall do this or you shall do that ; or you shall be blamed if you do not do it" (cheers). And in the second place they know that I would be the last man to propose to stereotype their progress. They will be great nations in the future. Small nations now, but in imagination cannot you see what they are certain to become? It is possible that in the life of children now living the population of these self-governing colonies may be greater than the population of the Mother Country. Think not only of the present and ourselves, but think of the future, when these great States have become great nations—whether it is to be that you have travelled with them and they with you, or whether they are to be separately established, separately considered, and with separate interests.

The *London Daily Telegraph* of Nov. 21st, 1903, said :

"The Canadian Manufacturers' Association has just declared in favor of a policy of reciprocal trade with the empire by means of preference against foreign states. The position of the Association is perfectly clear. Its members have no intention of pulling down their manufactories and retiring to the West to farm and raise wheat. Canada, they say, 'must necessarily provide under all conditions that the minimum tariff shall afford fair protection to Canadian producers, so that the high standard of wages and living may be maintained on a parity with the wages paid in the United States.' That is reasonable enough. What they offer to Great Britain is the business which they used to be able to do more profitably to themselves with Germany and the United States. That the offer is a valuable one is shown by the forecast that the recent surtax on German imports will reduce them by one-half, and will entirely exclude German cement, German bottles, and German sugar."

"That is reasonable enough" is the opinion of this important British newspaper regarding the attitude of the Canadian Manufacturers' Association. The stand taken by this Association is well known to British public men. Not only has it been published in British newspapers, but when the delegates from the Chambers of Commerce of the Empire were in Canada the Association's position was made clear to these gentlemen. There is no doubt that

. Chamberlain is well acquainted with the views of the Canadian Manufacturers' Association and he does not consider them antagonistic to his policy. The plain words of his Tynemouth speech make it evident that he does not expect any sacrifice of Canadian industries.

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## PREFERENCE WITHOUT SACRIFICE.

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**O**NE of the tariff resolutions adopted by the Canadian Manufacturers' Association was, "That while the tariff should primarily be framed for Canadian interests it should nevertheless give a substantial preference to the Mother Country, and also to any other part of the British Empire with which reciprocal preferential trade can be arranged, recognizing always that under any conditions the minimum tariff must afford adequate protection to all Canadian producers."

This resolution has been criticized on the ground that such a preference would be of no advantage to British manufacturers.

The immediate effect of raising the Canadian general tariff would be to transfer to British manufacturers a great part of the Canadian business which now goes to the manufacturers of the United States, Germany and other foreign countries. This amounts to many millions of dollars annually. In a few years the establishment of new factories in Canada would cause the imports to decrease per head of population, but the increase in the Canadian protection against

foreign countries combined with a preference for Canadian products in the British market would so stimulate the development of Canada that there would be a large increase in the total imports from Britain.

Canada cannot even agree not to make increases in the tariff on British goods when such increases are necessary to preserve Canadian home industries. For instance the Canadian woollen industry is now in danger of extinction owing to British competition resulting from the tariff preference in favor of the United Kingdom. Canadian manufacturers advocate the raising of the general tariff to such an extent that when the preference is allowed on British imports Canadian industries will not be destroyed, but at the same time British manufacturers will have a great advantage over foreigners in supplying us with whatever we require to import.

Notwithstanding the high protective tariff of the United States that great country imported last year \$1,025,719,237 worth of merchandise. If our general tariff approximated closely to that of the United States with a preference in favor of Britain our population would rapidly increase and although the imports per head of population would decrease as they have in the United States under high protection



because of the increase in the home trade, yet the total imports would steadily increase with the rapid growth of population, and a tariff preference would therefore be of great advantage to Britain.

The policies of free trade and protection have been thoroughly tested by the world and the result is that the nations are becoming more and more protectionist. In no country is protection sentiment growing more rapidly than in the Canadian Dominion and there can be no doubt that adequate protection is to be the future policy of Canada. Will it not be an advantage to Britain to be exempted to a considerable extent from future increases in the Canadian tariff? The Wilson-Gorman tariff, which preceded the Dingley tariff, now in force in the United States, was considerably higher than the present general tariff of Canada and higher than the minimum tariff of Canada would be if the increases asked for by Canadian manufacturers were granted. Will anyone argue that the British people would not have been pleased if the United States Congress in adopting the Dingley tariff had inserted a clause giving the countries of the British Empire such a preference that most of the increases in the tariff would not apply to goods imported from them?

Canadian manufacturers do not favor the sacrifice of Canadian industries for the sake of a preference in the British market nor do they wish the British people to make any sacrifices for the sake of Canada, but they believe that without any sacrifice on either side the tariffs of the two countries can be so readjusted that they will be mutually benefited.

During the fiscal year 1903 the United Kingdom derived a revenue of £34,759,222 equal to \$169,173,133 from customs taxes. The population was 41,456,953 according to the census of 1900 and the rate of increase of population is estimated to be about 1.215 per cent per annum, so that the population in 1903 was about 42,464,000. That is the customs tariff taxation amounted for the year 1903 to \$3.90 per head of population. The customs revenue of the United States in 1903 was \$284,479,582 and the population was estimated by the Government statisticians to be 80,372,000, so that the customs taxation amounted to \$3.54 per head of population. Thus the British people actually paid more tariff taxes per head of population than the people of the United States. Britain also levied at its ports a larger amount of customs duties than any other country in Europe, as has been pointed out by Mr. Thomas Gibson

Bowles, a member of the British Parliament, but whereas the British duties were levied on a few articles, most of which were not produced in the country, the United States, Germany, France and other protectionist countries imposed duties on a great many articles and so arranged them as to afford protection to the home producers. For instance the British Government derived a revenue of £5,984,869, equal to \$29,128,357, from the tariff on tea in 1903, while the duties on coffee, chicory, cocoa and chocolate amounted to £457,062, equivalent to \$2,227,183, so that on tea, coffee, chicory, cocoa and chocolate the British people paid taxes amounting to \$31,355,540 in one year.

The fact that the British Government was able to obtain such an enormous revenue from tea duties, proves that this beverage is used in almost every British household.

In the fiscal year 1902 the revenue from tea taxes was £5,802,896, equivalent to \$28,242,694, while the revenue from coffee, chicory, cocoa and chocolate amounted to £483,362, equivalent to \$2,352,522, a total revenue of \$30,595,217 from taxes on tea, coffee, chicory, cocoa and chocolate. We will take the figures for 1902 as there are more details at hand regarding the countries from which the various articles were imported.

There were imported altogether for consumption in the United Kingdom 294,556,718 lbs. of tea in 1902. Of this 158,140,926 lbs. were imported from British India and 106,639,627 lbs. from Ceylon, another British possession, so that only 29,776,165 lbs. came from countries outside the British Empire, a little over one-tenth of the total. If there were no taxes on the tea imported from British possessions the quantity of foreign grown tea imported would be still smaller. Now suppose that the British Government should take the duty off tea imported from countries of the British Empire nine-tenths of the tea taxes would be abolished and the British people would thus be relieved of £5,222,500, equivalent to \$25,418,000, of taxes at one stroke.

The importations of coffee, cocoa and chocolate come from a number of different countries, some of them within the Empire and some outside. It may be assumed that if the taxes were removed from coffee, chicory, cocoa and chocolate grown within the Empire the British people would immediately be relieved of at least one-fourth of the taxes they pay on those articles, that is £120,800, equivalent to about \$588,000, and as the cultivation of coffee, chocolate and cocoa would be developed in the British

West Indies and the British East Indies under the stimulus of this preference the taxation might be further reduced before long.

Having thus taken about \$26,000,000 of taxes off tea, coffee, chicory, cocoa and chocolate imported from countries within the Empire the British Government might without raising the general taxation impose duties on a number of foreign articles that are now exempt from taxation, and give a preference to some of the principal food products of the colonies.

If the British Government had levied a tax of five per cent. on all foreign wheat and oats imported in 1902 and a tax of ten per cent. on flour and wheat meal, cheese, bacon, hams, beef, mutton, lamb and fish these taxes would have amounted to a little less than the taxes on tea, coffee, chicory, cocoa and chocolate in the same year. The revenue derived from these duties would have been as follows :

DUTIES	REVENUE
Five per cent. on foreign wheat and oats.....	£1,211,800
Ten per cent. on foreign flour and wheat meal.....	803,500
Ten per cent. on foreign cheese..	197,400
“ “ “ bacon...	1,219,700
“ “ “ hams...	343,000
“ “ “ beef....	892,600

## 202 PREFERENCE WITHOUT SACRIFICE

Ten per cent. on foreign mutton and lamb.....	316,200
Ten per cent. on foreign fish.....	267,400
	<hr/>
Total preferential food taxes..	£5,251,600
Taxes taken off tea, coffee, chicory, cocoa and chocolate.....	£5,343,400

Expressed in Canadian currency this means that \$26,000,000 of taxes would be taken off and \$25,559,000 new taxes imposed. Such an exchange would be no robbery of the British taxpayer. It will thus be seen that by simply taking the duties off tea, coffee, chocolate and cocoa when imported from countries of the Empire, Britain could give a substantial preference to colonial wheat, oats, flour and wheat meal, cheese, bacon, hams, beef, mutton, lamb, fish, tea, coffee, chocolate and cocoa without increasing the burdens of the British taxpayer. Successful experiments in tea growing have recently been made in Jamaica and it is expected that it will be quite extensively grown there in a few years. The island of Trinidad alone could probably supply all the coffee, cocoa and chocolate required.

In making such a readjustment of the tariff the British Government would probably adopt specific rather than ad valorem duties.

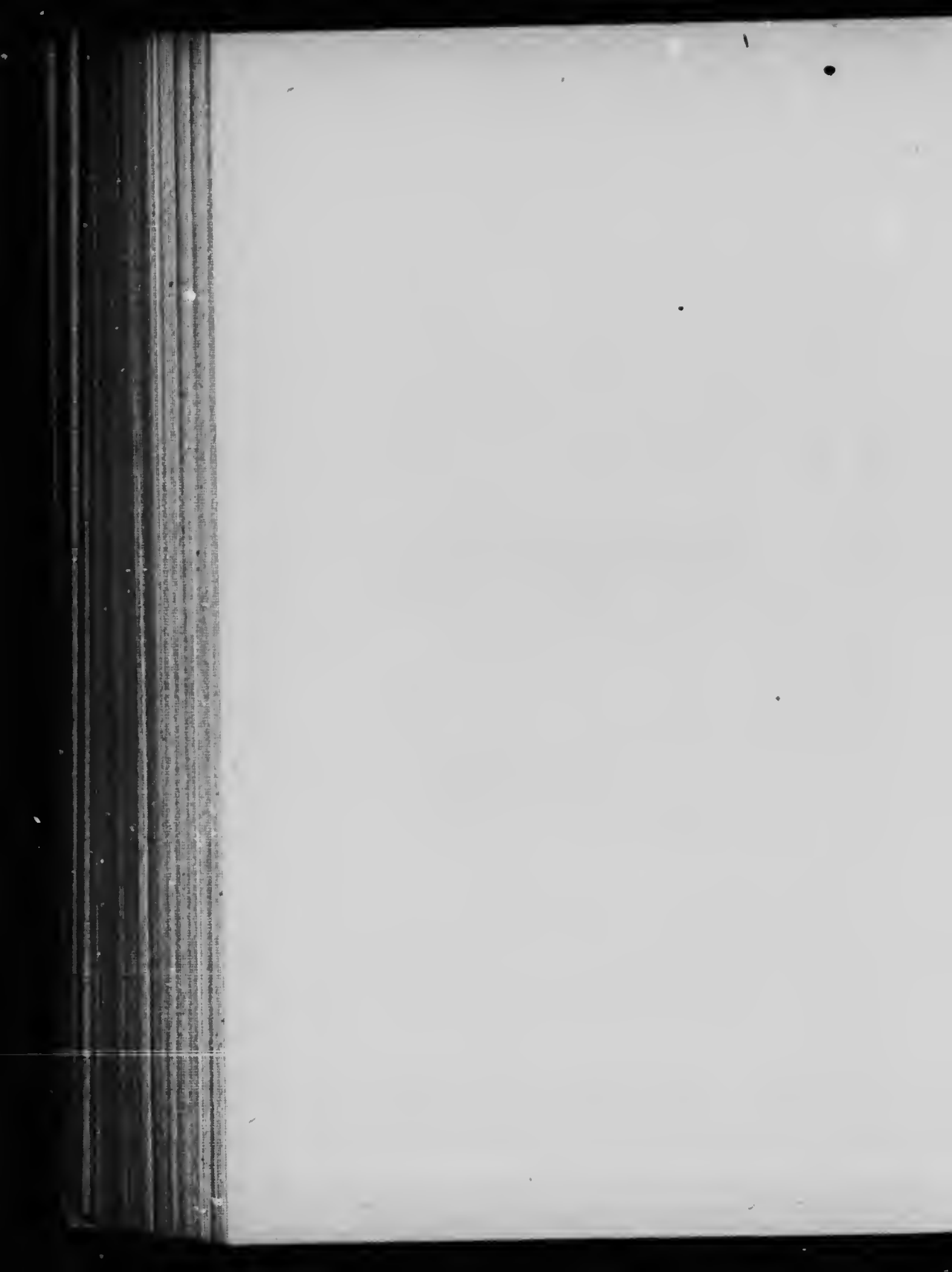
## EXCHANGE IS NO ROBBERY

Taxes on tea, coffee, chicory, chocolate and cocoa from British possessions wiped out **\$26,000,000**

Preferential duties imposed on foreign wheat, oats, flour, cheese, bacon, hams, beef, mutton, lamb, fish . . . . . **\$25,559,000**



John Bull to Mrs. Bull—This exchange will cost us nothing and it will help our children in the colonies. (See Preference Without Sacrifice page 201.)





If such preferential duties were imposed as outlined above not only would the rush of farmers from the United States and Europe to our Canadian Northwest be stimulated, but the American millers who are now supplying flour to Britain in large quantities would be compelled to start big mills in Canada if they wished to retain their trade and large meat packing houses would also be established in Canada.

There are other ways in which the high tariff taxes at present paid by the British people might be so readjusted as to afford protection for home industries and favor the colonies at the same time. There are 114 articles enumerated in the British tariff upon which import duties must be paid. Some of these import duties are enormously high and by reducing them, while placing protective duties on other articles, it would be possible to grant protection to many British industries without increasing the general taxation.

The home market is far more valuable to Canadian producers than either the British or the United States market and if the Canadian market is secured to our own people by adequate protection the country will be prosperous and progressive whether we get a preference in Britain or not. Nevertheless

a preference in the markets of the United Kingdom would hasten the development of Canada and this will be to the advantage of the Empire. The children of the farmers who settle in Canada are educated in our schools, our churches and our newspapers to love Britain. If they were in the United States they would in many cases be educated to hate Britain. Therefore if the British can by a preference without sacrifice stimulate settlement in Canada they will greatly strengthen the Empire and this would be worth while even if they did not sell any more manufactured goods in Canada than they now do.

The best way in which Canadians can help the Empire at the present time is to make Canada strong and great by building up Canadian industries of all kinds. A weak Canada will be a source of trouble and expense to the Empire; a populous and wealthy Canada will be a tower of strength to the Empire. If Canadians buy large quantities of manufactured goods in foreign countries Canada's wealth will remain largely undeveloped, the progress of the country will be slow and many thousands of young men who should be the pride of the Empire will be forced to go abroad to seek congenial employment. Most of the young

Canadians who leave Canada to become citizens of the United States are almost as completely lost to the Empire as if they were killed on the field of battle and by fostering home industries we can keep Canadians at home.

NOTE.—Since the above article was written it has been announced that the British Government will add 2d. per lb. to the tax on tea. This will mean about ten million dollars of additional taxes on tea grown within the empire.

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## HORSES UNDERVALUED

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**D**URING the year 1903 the number of horses coming into Canada from the United States was 29,598, while only 1,907 Canadian horses were exported to the United States. The valuation placed on the 29,598 horses at the Customs houses of Canada was \$790,169, that is a little less than \$27 for each horse on the average. An average value of \$27 means that some of the imported horses must have been valued at considerably less than \$27 as some were certainly valued higher. The probability is that many of these imported horses were undervalued, and this is a good illustration of the inefficiency of *ad valorem* duties. The Canadian duty is 20 per cent. *ad valorem* so that the average duty paid on each horse coming into Canada from the United States was about \$5.34. The United States Government on the other hand imposes a specific duty of thirty dollars per head on all horses valued at one hundred and fifty dollars or less ; if valued at over one hundred and fifty dollars the duty is twenty-five per cent. *ad valorem*. Many Canadian farmers are in favor of adopting the same tariff on horses as the United States.

## THE WEST AND THE EAST

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**O**PPONENTS of tariff revision in the Eastern Provinces find protection sentiment developing all around them. Public sentiment in the East is so manifestly in favor of more efficient protection for all Canadian interests that the only hope left for the low tariff advocates is to persuade the people of the East that the West is opposed to protection and so jealous and unpatriotic that the country will break in two if the Government puts an end to unfair foreign competition by raising the tariff. The people of the West are just as patriotic as the people of the East and all the talk of Western jealousy is nonsense. They are good Canadians and take as much pride in the prosperity of the Eastern provinces as the people of the East do in the progress of the West.

The people of the Canadian Northwest are not ungrateful. They remember that their brothers in Ontario, Quebec and the Maritime Provinces bore the financial burden of opening up the Canadian West at a time when the world at large had no confidence in that country, and in making purchases of

articles not produced in the Northwest, they would rather send their money to their fellow Canadians in the Eastern Provinces than to the manufacturers of the United States, who buy nothing from them and have never done anything to help them.

Cheap farm lands being no longer obtainable in the United States there is reason to believe that the annual exodus from that country to the Canadian land of promise may soon reach 200,000. The next Dominion census may show a population of considerably over two millions in Canada west of Lake Superior. Are the older provinces of Canada to stand still while the West is growing? That will depend upon whether we are willing to allow the manufacturers of the United States to supply the farmers of the Northwest with manufactured goods. Our present policy is to admit the products of the United States into Canada on payment of low duties, while very high duties have to be paid on almost every Canadian product entering the United States. If this policy is continued a very large share of the Canadian Northwest trade will go to cities over the border, but if the Canadian general tariff approximates to the United States tariff, the manufacturers of Canada will completely control the Northwest trade, and the pro-

gress of the eastern provinces will be as marvellous as the development of the West. Of course all the new factories will not be built in the East ; the West will get its share of them ; but the eastern provinces will have no cause for dissatisfaction if adequate protection is given to all Canadian industries.

The farmers now crossing the international boundary for the purpose of settling in the Canadian Northwest have been accustomed to a high protective tariff in the United States. Most of them have been educated to believe in protection, and they will not be surprised to find the Canadian Government fostering Canadian industries in the same way that manufacturing industries have been developed in the United States. They know even better than Canadian farmers do the value of a home market for farm products.

## THE FISHERMEN'S HOME MARKET

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**T**HE home market is as important to Canadian fishermen as to Canadian farmers. Both are providers of food, and any increase in the consuming population of Canadian cities, towns and villages is as advantageous for the fishermen as for the farmers. The more workmen there are employed in Canadian factories the more mouths there will be to eat Canadian fish.

Fish spoil easily and the nearer the fisherman lives to a manufacturing town the better his chance of selling his fish in good condition at profitable prices.

On fish sold for consumption in the United States our fishermen must pay duties to the United States Government, but on fish sold for consumption in Canada there are no duties to pay. Therefore it pays the Canadian fishermen better to have the workmen who make the manufactured goods he buys living in Canada rather than in the United States.

Fishermen in Nova Scotia and British Columbia should note also that every factory requires a great deal of coal and the miners who supply the factory with coal eat fish as



well as the workmen in the factory. Then there are a great variety of raw materials used in factories and the men employed in getting out these raw materials and transporting them to the factories must all eat fish.

Every fisherman should vote for adequate protection to all Canadian industries for each new industry creates an extra demand for Canadian fish.

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## NOVA SCOTIA COAL FOR ONTARIO

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**I**T has been alleged that the manufacturers of Ontario generally favor free coal. There is no doubt that Ontario manufacturers would welcome a permanent agreement for reciprocity in coal provided such an arrangement would be satisfactory to the coal producers of Nova Scotia, but the manufacturers of Ontario are not so selfish and unpatriotic as to favor a policy that would prove injurious to Nova Scotia, and if the coal mine managers of that province agree in asking for the maintenance of the duty on bituminous coal they will receive the support of Ontario manufacturers.

It is not at all likely that the abolition of the Canadian duty on bituminous coal would have any effect upon the price to consumers during a period of scarcity caused by a strike in the United States. Just what effect a permanent arrangement for reciprocity in coal would have upon prices is uncertain. It has been pointed out that even when conditions were normal the abolition of the duty on anthracite coal caused no reduction in price to consumers in general and that the Pennsylvania anthracite producers, hav-

ing no competitors, charge Canadian consumers the highest price they can get, tariff or no tariff.

The present position of Ontario as regards both anthracite and bituminous coal is that it is absolutely dependent upon one foreign country for supplies. Ontario's supply of coal is liable to be suddenly cut off by conditions over which our Government has no control. A prolonged strike or a revolutionary outbreak in the United States would place the province in a very unenviable position. If the recent strike had lasted a little longer the United States Government would probably have prohibited the export of coal. The constitution of the United States does not permit the imposition of export duties, but there is nothing to prevent the prohibition of coal exports.

It is very improbable that there will ever be a war between Canada and the United States, but it is a possibility that must be taken into consideration, and it is much more likely to become an actuality if the people of the United States believe that we are at their mercy. Now, Ontario would be in a terrible plight for want of fuel in case of war with the United States. Col. Denison and other Canadian advocates of Imperial Preferential Trade have said much about

the danger of England's food supply being cut off in case of war with the United States. Ontario's situation as regards fuel is much more dangerous.

The lesson to be learned by Canadians from the recent coal strike is the necessity of devising some plan to make Ontario less dependent upon the United States. The question is one deserving the most earnest consideration on the part of both the Government of Ontario and that of the Dominion.

The Dominion Government derives from the duty on bituminous coal an annual revenue of about two million dollars. The abolition of the duty would mean the loss of this amount of revenue annually. If this revenue could be so applied as to give Ontario cheaper coal while fostering the Canadian coal industry it would be far better for the country than to throw away the revenue without any certainty that the United States coal producers would supply us with coal any cheaper than we get it at present.

Two million dollars annually would pay the interest on \$66,666,000, at three per cent., the rate at which the Government can borrow money. A great deal might be done with \$66,666,000 in the way of cheapening transportation between the Maritime Pro-

vines and Ontario both by rail and water.

The Intercolonial Railway from Montreal to St. John, Halifax and Sydney with branches to almost every important centre in New Brunswick and Nova Scotia has cost the country less than \$66,000,000. Probably for less than half that amount it could be extended to a Georgian Bay port, to the city of Toronto and other distributing centres of Ontario, and connection made by steamship between the Georgian Bay terminus and Port Arthur. The Government railway could then carry the farm products of Ontario and the Northwest to St. John, Halifax and Sydney for export to Britain and bring back Nova Scotia coal at a rate low enough to give Ontario consumers cheaper fuel.

There is another way in which a coal trade between Ontario and Nova Scotia could be quickly established. Let the Government apply a portion of the revenue derived from the bituminous coal duty to bounties for ships carrying coal from Nova Scotia to Ontario lake ports, the amount of bounty being in proportion to the distance west of Montreal the coal is carried. The revenue derived from the coal duties would probably be sufficient to pay interest on the cost of extending the Intercolonial to

Ontario as well as to provide bounties for water transportation of coal. After the close of canal navigation, considerable quantities of coal could be carried over the Intercolonial.

For many years it was supposed that as soon as the enlargement of the St. Lawrence canals was completed a coal trade would be established between Nova Scotia and Western Ontario. No effort whatever has been made as yet to develop such a trade. Without trial, without investigation, the country has decided that it would not be profitable. Even the Montreal trade, now so profitable to the Nova Scotia coal companies, was at one time thought scarcely worth cultivating.

All the coal that comes to Ontario from the United States must be carried part way by rail, but Nova Scotia coal could be carried all the way from Sydney or Pictou to Toronto or Port Arthur by water. The enlargement of the St. Lawrence canal system creates a new situation in Canada and it ought to revolutionize the Canadian coal business. Boats drawing 14 feet of water and having a large carrying capacity can now pass from Nova Scotia to the head of the lakes without breaking bulk, and there is very little doubt that Nova Scotia coal can be profitably carried to Ontario,

but the business must be started and it is difficult to get trade into new channels without some kind of Government encouragement. The most progressive commercial nations have recognized the necessity of subsidizing steamship lines in order to encourage trade with distant countries. For many years after the adoption of free trade the British Government paid enormous bounties to steamship lines running to different parts of the world. To a single line of steamers running alternate weeks from Liverpool to Boston and New York the British Government paid about nine hundred thousand dollars annually and continued to pay at this rate for twenty years after the adoption of free trade. This system was continued until the British mercantile marine was so well established that there was no longer fear of competition and then the subsidies were withdrawn.

Now, if it is wise to encourage foreign trade by steamship subsidies why would it not be equally good policy to encourage domestic trade in the same way in a case where national safety may depend upon the leading province of the Dominion being made independent of the United States for its fuel supply?

In all probability as the consumption of Nova Scotia coal increased in Ontario the imports of United States coal would decrease and consequently the revenue available for subsidies would fall off, but this would come about gradually, and in the meantime a trade would be developed by the water route which would probably prove profitable without subsidies; and the Intercolonial railway would also have time to build up a profitable general business which would enable the Government to pay interest on the cost of extension without any additional tax on the people.

The boats bringing coal from Nova Scotia to Ontario ports could take back flour and a great variety of other Ontario products, including manufactured goods. Immense quantities of Ontario manufactured goods are sold in Nova Scotia and every additional miner employed increases the demand for Ontario manufactured goods as well as for flour made in Ontario and Manitoba. The miners employed in Pennsylvania and Ohio do not buy any goods from Ontario manufacturers, nor do they consume any Canadian flour.

By abolishing the coal duty the Government would not only lose the revenue derived from that duty, but as thousands of Nova



Scotia miners would be thrown out of employment the extreme depression which would be brought about in Nova Scotia would cause a very large reduction in the general revenue obtained by the Dominion Government from the people of that province. On the other hand by applying the revenue obtained by taxes on coal imported for consumption in Ontario to encourage the transportation of Nova Scotia coal to this province the Government would create new sources of revenue by increasing the population and wealth of the country.

At present the Nova Scotia coal producers find their most profitable market in Quebec province. An almost equally profitable trade might be developed in Ontario.

The United States coal producers have now no competition in Ontario. The competition of Nova Scotia coal in this market would reduce the price to consumers.

## WORKINGMEN' AND SHARE- HOLDERS

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WE can not throw stones at the manufacturers without hitting a great number of workingmen.

The word "manufacture" is derived from two Latin words *manus*, the hand, and *factura*, a making. A manufacturer was originally one who made things with his hands. The meaning of the word has altered somewhat since the general adoption of machinery, and the dictionary definition of "manufacture" is "to make or fabricate from raw materials by hand or machinery wares suitable for use."

The introduction of machinery has not displaced the handworker. The machinery is useless without hands to guide it, but it has enabled the workman to make more in one day with his hands than he could in a week or more without it. Consequently it has greatly cheapened the cost of production, and wares that were formerly regarded as luxuries beyond the reach of all except the rich are now in general use.

The workingmen whose hands guide the machinery are truly manufacturers, but in

common parlance the word "manufacturers" is now only applied to the capitalists who provide the machinery, pay the wages of the workmen, direct their labors and find customers for the wares produced in the factories.

Sometimes the capital for an industrial establishment is supplied by one man or by two or three men forming a partnership, but more commonly it is provided by a number of people who unite in a joint stock company, each investor being called a stockholder. Very often the stock in big manufacturing companies is held by a large number of people engaged in different occupations who have invested their savings in the hope of making large profits. Among the stockholders there are sometimes a number of widows who have been advised to invest their insurance money in this way.

If the undertaking is a success the shareholders receive annual or semi-annual dividends, but very often no dividends are paid for a number of years after the money is invested. The workingmen and managers have to be paid, machinery kept in order and renewed, raw materials purchased, salaries and expenses of travellers provided and large amounts expended in advertising the wares produced. Perhaps just as an

industry is getting into a position to pay dividends to the stockholders after a few years of prosperity hard times come, orders fall off, and if the tariff protection is inadequate foreign manufacturers send in their goods and get half the trade upon which the home factories depend for profits, and so the poor stockholders, who have been anxiously waiting for some return from their investment, are disappointed.

But it is the workingmen employed in the factories, the real manufacturers, who suffer most when foreign goods come in and displace the wares which they produce. They must accept reduced wages or be thrown out of employment.

If farmers support candidates for Parliament who oppose a policy of adequate protection, they may turn Canadian workmen out of their homes and bring misery and starvation to the workingmen's wives and children.

According to the Dominion Census Commissioner there were 14,600 industrial establishments in Canada, each employing not less than five hands, in 1901. The number has considerably increased since 1901. In many of these establishments hundreds of workingmen are employed, and in some cases thousands. A factory which employs

less than five persons is not considered worthy to be included in the census of industries, but there are a great number of little industries employing only three or four hands, and if these were counted the manufacturers would make a much greater showing in the census. Altogether there are hundreds of thousands of men employed in Canadian industrial establishments, and when our farmers hear free trade demagogues making virulent attacks upon the manufacturers, they should picture in their minds these workingmen and remember that they are manufacturers.

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## NOT HOSTILITY TO THE STATES

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**T**HE demand for a general increase in the Canadian tariff and the comparisons showing the unfairness of the present trade relations of the Dominion and the adjoining Republic are not inspired by hostility to the United States. The Americans are a patriotic people and we have no right to find fault with them for arranging their tariff to suit their own interests. Nor is there any likelihood that they will be offended if we imitate them in this regard. The United States is a great and prosperous country. It does not need our money or our men, but Canada at this stage in its history needs every man and every dollar that can be kept in the country to aid in its development.

An increase in the Canadian tariff will be regarded by American capitalists as an invitation to invest capital in Canada. They secured British capital to develop their resources by means of high protection and they will help us in the same way that British capitalists helped them if we give equal tariff security.



Uncle Sam—That is a fine country of yours, Johnny, but you require capital to develop it.  
Jack Canuck—How will I get the capital?  
Uncle Sam—Try the plan I adopted to develop the United States. Give adequate tariff security  
and you will get all the capital you want. (See page 224.)





## PATRONIZE CANADIAN PORTS

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**A** CONSIDERABLE part of the export and import business of Canada goes through United States ports in winter. This is not because Canada lacks good winter harbors of its own. It is chiefly due to the fact that the railway systems of Ontario and Quebec made connection with United States ports before the ports of the Maritime Provinces were connected with central Canada by the Intercolonial Railway and because old established ports with numerous steamship lines attract business for the same reasons that the well-established industries of an old manufacturing country have an advantage over the young industries of a new country.

It is as desirable that Canadian business should be done through Canadian ports as that goods for Canadian consumption should be made in Canadian factories. The business that goes through Montreal and Quebec in summer should pass through St. John and Halifax in winter. The Government commission which has been appointed to study the transportation question should devote special attention to this problem. Canada

cannot be commercially independent so long as our business is done through United States ports. American politicians are continually threatening to withdraw the bonding privilege "if we don't watch out," and Englishmen believe that the United States could paralyze Canadian trade by carrying out this threat. The best way to put an end to such threats is to do all our foreign business through Canadian ports in winter as well as in summer. The Canadian Government should leave untried no means of encouraging trade through Canadian ports. One way of doing this would be to make Intercolonial railway rates low enough to attract business. Another way would be to make the Canadian preferential tariff apply only to goods imported direct through Canadian ports and ask the British Government in case of a preference being given to colonial products to make it apply only to goods shipped direct from colonial ports to Britain.

The merchants and manufacturers of Ontario should endeavor to help their fellow Canadians in Halifax and St. John by giving a patriotic preference to Canadian ports. Preference for Canadian ports should be as much a part of the National Policy as protection for Canadian manufactured goods.

Owing to the fact that so much Canadian business goes through United States ports in winter, the impression prevails in both the United Kingdom and the United States that Canada has no ice-free Atlantic ports.

As a matter of fact Canada has at least fourteen harbors on the Atlantic coast that are open throughout the year, viz., St. John, N.B., St. Andrews, N.B., Halifax, N.S., Louisburg, C.B., Yarmouth, N.S., Digby, N.S., Annapolis, N.S., Barrington, N.S., Liverpool, N.S., Lockeport, N.S., Lunenburg, N.S., Parrsboro, N.S., Shelbourne, N.S., and Country Harbor, N.S. The magnificent harbor of Sydney is sometimes open throughout the year, but in severe winters it is closed for a short time. The harbor of St. John is 184 miles farther from Montreal than Portland, but it is 156 miles nearer to Liverpool than the Maine port, so that the actual distance in favor of Portland is very slight. As regards time a passenger leaving Montreal for Liverpool by way of the Canadian Pacific Railway and St. John would get to England more quickly than by way of Portland because a fast railway train could run over the 184 miles of track more quickly than a fast ship could go over the 156 miles of ocean. The port of St. John has been absolutely free from ice in the

severest winters ever known, and this cannot be said of Portland. The railway distance from Montreal to St. John, via the Intercolonial, Temiscouata and Canadian Pacific Railway lines entirely through Canadian territory is 533 miles as compared with 481 miles by the C.P.R. short line through Maine, but the grades are much easier and with an equally good railway, trains could make the distance more quickly. If a railway were constructed from Winnipeg to St. John by the shortest possible route it would bring this Canadian port nearer to the Canadian Northwest than Portland is.

Halifax harbor is 594 geographical miles nearer to Liverpool than New York is and has been declared by British naval authorities to be the finest harbor in the Empire. It is six miles long, one mile wide, and opens into Bedford Basin, a deep land-locked bay six miles long by four wide. It is easy of access, open throughout the year and has the advantage of being nearer to coal fields than any Atlantic port of the United States. If boats as fast as those which run from New York to Liverpool were placed on the route between Halifax and Liverpool there is no doubt that Canada would become the great highway of travel between Europe and America.

## NOT A TINKERED TARIFF



Jack Canuck—This old thing is getting rather leaky.

Toronto Globe—There must be no tinkering of the tariff.

Jack Canuck—I don't want a tinkered tariff. I want a new one. (See page 229.)



## NOT A TINKERED TARIFF

**T**HERE must be no tinkering of the tariff," says the *Toronto Globe*, but nevertheless it has been intimated that some slight amendments may be made to the tariff. This would be tariff "tinkering" and nothing else. The dictionary definition of "tinkering" is "mending old vessels." If one is obliged to delay getting a new vessel it is better to tinker the old one than to allow it to continue to leak, but a new vessel is to be preferred. If the Government had complied with the request of the Canadian Manufacturers' Association early in 1903 to make a thorough investigation with a view to giving adequate protection to all Canadian interests, it would not be necessary to do any tariff tinkering now, for we might have a new tariff immediately. As the investigation was then refused a little tariff tinkering may be necessary now to prevent a large leakage while the investigation is being made. But the Government cannot satisfy the country by simply tinkering the old tariff to partially satisfy two or three interests. During the last two years

the balance of trade against Canada in our dealings with the United States has amounted to \$146,255,799 if we exclude gold and silver. It would take a good deal of tariff tinkering to stop such a big leakage as that. The country does not want a tinkered tariff, but a new one, framed to suit all Canadian interests.

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## A FARMER'S DAUGHTER'S KODAK

**A** FARMER'S daughter received two birthday presents. One coming from an uncle in Toronto was a kodak, the other from an uncle in Montreal was a book containing a series of pictures of Canadian sports entitled "Canadians at Play."

The farm had recently been equipped with a number of new agricultural implements, and the first photograph taken was one of her father ploughing a field. This was such a success that she took photographs during the following summer and autumn of all the operations on the farm in which agricultural implements were used. These photographs she mounted in a book to which she gave the title "Canadians at Work," and making several copies, sent one to each of her uncles. She visited her Toronto relations during the next winter and they all expressed great admiration for her skill in photography, but one of her cousins, a young man attending Toronto University, said: "You should call it "Canadian Farmers at Work." Anyone looking at your book would suppose that Canadians do nothing but farm. I suppose farming is the best of all occupations, but

there are others, and a nation that does only one thing does not count for much. You should change the title of your book or enlarge it to take in pictures of Canadians engaged in all kinds of work."

"It would make a pretty big book," said his brother. "We Canadians are a busy people, and it would require a book of many volumes to depict all our industries."

"If you would follow the agricultural implements back to their starting point," said the young photographer's uncle, "you would be able to give varied views of Canadian life."

"Their starting point! I suppose you mean in the factory," said the girl.

#### IMPORTANCE OF RAW MATERIALS

"I would go farther back than that," said her uncle. "I recently went through very extensive agricultural implement works in Toronto. The varied work done in the factory and the great number of men employed was a surprise to me, I finished going through the various departments of the works just at six o'clock, and when coming away saw quite an army of men pouring out of the vast buildings. A fine, intelligent-looking, sturdy lot of men they were, mostly sons of Canadian farmers probably. After

seeing them at their work and on the way home, I said to myself, 'Any policy that would drive these men out of the country would be a calamity for Canada.' But what impressed me most of all was the immense store of materials to be seen at the works, including lumber, pig iron, malleable iron, steel, malleable chain, cotton duck, paints, oils, varnish, benzine, coke, coal, fuel oil and other things, all of which were used in making agricultural implements. I came to the conclusion that great as was the number of employees in the factory engaged in making agricultural implements, a still greater number of men must be employed in producing the materials they used, and I realized for the first time that the growth of an industry of this kind has a far-reaching effect upon other industries of the country, influencing the whole national life. So when I said that if you would follow the agricultural implements back to their starting point you would be able to give varied views of Canadian life, I meant that you should take pictures of all the men engaged in getting out the raw materials used in agricultural implement works.

TO PHOTOGRAPH LUMBERMEN

"As many millions of feet of lumber are used by Canadian agricultural implement

works your first visit should be to a lumber camp, and you would need to visit more than one, for a great variety of woods are used and they are not all obtained in one place. In one binder that I examined there were eight different kinds of wood, soft maple, hard maple, basswood, soft elm, rock elm, white ash, hickory and oak. The kind of wood suitable for one part of a machine may not be suitable for another part. I saw sixteen different varieties of woods in the great lumber yard at the works. So you would have to visit several lumber camps and take pictures of the men cutting down the trees, hauling them to the streams, making them into rafts and floating them down the river to the saw mills. Then there would be pictures of men at work in the saw mills, men loading the lumber on railway cars and unloading the cars again at the factory, with many railway scenes between, showing the trainmen at their work."

"All these scenes would certainly give varied views of Canadian life and make a much bigger volume of pictures than my photos of farm life," said the girl.

"Yes," said her uncle. "But lumber is only one of the raw materials. Enormous quantities of iron and steel are used by the agricultural implement works. Why the

works I visited alone use thousands of tons of pig iron every year, and there are many other agricultural implement works in the country. Great quantities of malleable iron and steel are also used."

#### A VISIT TO AN IRON MINE

"The raw materials used in making pig iron are iron ore, coke or charcoal and limestone. You must first go to the iron mine and photograph the men at work taking out the ore, loading the ore on the cars and transferring it to vessels. You might then board one of the ore boats and go with it to the great docks where the ore is unloaded by huge buckets that descend into the hold of the vessel, open like mouths, grab the ore, closing again when full, and then, being elevated, discharge their contents into cars which stand on tracks on the pier, waiting to carry the ore to blast furnaces. You could get quite a series of interesting pictures of men at work unloading iron ore. A visit to the limestone quarries would give you another set of pictures of Canadians at work and you would have to follow the limestone to the blast furnaces just as you did the iron ore.

#### COAL MINES PHOTOGRAPHED

"Then would come a visit to the coal mines and photographs of all the coal

mining operations. You would require a whole volume to depict them. The coal having been mined, would have to be washed to rid it of pyrites and slate, which might make trouble in the blast furnace. You would need to wear an old dress while taking pictures of the coal washing plant and the men working at it, for a pretty dress like that you have on would be completely spoiled by black water dripping on it. Next you would photograph the operation of charging the washed coal into the coke ovens, and then after an absence of 36 hours you might return and picture men pushing the red hot coke out of the oven by aid of a discharging machine, and afterward cooling it by water from hose before loading it into the railway cars which carry it to the blast furnace. Charcoal is sometimes used as a fuel in a blast furnace instead of coke, so you must also take pictures of all the operations of charcoal manufacture.

#### AT THE BLAST FURNACE

“Having got the iron ore, limestone and coke or charcoal together at the furnace you must photograph the scale cars in which these materials are weighed, the skip cars that elevate them to the top of the furnace and the men in charge. You could not photograph the chemical processes which go on in

a blast furnace, but when the materials have all been melted by the blasts of hot air blown through them, the limestone uniting with most of the impurities of the iron ore to form a slag, while the carbon of the coke or charcoal unites with the iron to form pig iron, you might get some very good pictures, as the men in charge of the blast furnace first tap off the slag and then let the liquid pig iron run out into troughs made in sand or into huge ladles in which it is carried to a casting machine or to the steel furnace. You could also have pictures of the men making troughs in the sand and those in charge of the huge blowing engines and the boiler house. The pig iron having been cooled in the sand or by running through water in the pig casting machine, is loaded on cars which carry it to the piers, where it is transferred to vessels. Some of the pig iron is taken direct to the agricultural implement works, to be moulded there in the foundry into various shapes required for the implements. Some of it is converted into malleable iron by a series of interesting processes employing many skilled workmen, all of whom you might photograph.

#### MAKING STEEL.

"You would of course have to follow the ladles that carry liquid pig iron to the steel

furnaces and get pictures of the many skilled men engaged in converting it into steel ingots. Then you would follow the ingots to the rolling mill and see them rolled by skilled workmen into billets and blooms. These would be shipped by rail and water to other mills, where they would be converted into steel bars, nails, nuts, rivets, screws and other things required in making an agricultural implement. If you could get photographs of all the skilled workmen employed in the multifarious processes of converting iron and steel into the materials used at the agricultural implement works you would indeed have a big volume of pictures of 'Canadians at Work.'

"Then you would have to visit the paint factories. Hundreds of thousands of pounds of paint and an amazing quantity of oil, varnish and benzine are used in the establishment I visited. You might also follow the raw materials used in the paint factory to their origin and get many pictures of Canadians at work. The petroleum districts of Ontario would have to be visited, for great quantities of fuel oil are used, and it might be worth while to take a trip to Hudson Bay in order to photograph a whaling vessel with its crew, for whale oil and seal oil are extensively used in tempering steel. I noticed



large quantities of cotton duck in one of the store rooms, and was told that it came from Yarmouth, N S. In fact you would have to travel nearly all over the Dominion to photograph the men who are engaged in preparing materials for the agricultural implement works of Canada."

The girl had a vivid imagination, and as her uncle talked, her mind pictured many varied groups of "Canadians at Work."

"I wish I could start at once," she cried at last. "It would be so interesting."

"Let me ask you one question before you start," said the University student. "Were those agricultural implements you photographed on your farm made in Canada?"

The girl's bright, enthusiastic face suddenly saddened.

#### MADE IN THE UNITED STATES

"Oh, I am so sorry," she said. "I know they were made in the United States. The agent who came to sell them was a good talker and father thought it made no difference whether the implements were made in Canada or the United States."

"You see it does make a big difference to Canada and Canadians," said her uncle. "But your father is not the only farmer who thinks it is all the same whether he buys in

Canada or the United States. During the fiscal year 1903 the value of agricultural implements imported into Canada, was over three million dollars."

"Why do Canadian farmers buy United States implements?" asked the student. "Is it because they are better than those made in Canada?"

"That cannot be the reason," said his father, "for it is a well-known fact that in England, Australia and many foreign countries where implements from Canada and the United States compete on equal terms Canadian implements are given the preference. In Australia, for instance, farmers willingly pay more for Canadian implements because they think they are better."

"Are many Canadian implements exported?" asked the student.

"Yes," said his father. "I have some figures which I copied out of the Trade and Navigation reports published by the Dominion Government, showing the value of agricultural implements imported into Canada and the value of Canadian implements exported during the last seven years."

He took a paper out of his pocket-book and read the following figures :

A FARMER'S DAUGHTER'S KODAK 241

Fiscal year ended June 30th.	Imports.	Exports.
1896 .....	\$ 445,070	\$ 595,277
1897 .....	575,409	762,262
1898 .....	905,140	1,444,463
1899 .....	1,630,888	1,867,223
1900 .....	1,826,944	1,693,581
1901 .....	1,898,760	1,749,565
1902 .....	2,655,468	1,820,800
1903 .....	3,181,817	2,284,904
Total	\$13,128,496	\$12,218,075

"Where do the imported implements come from?"

"Almost entirely from the United States?"

"To what countries are Canadian agricultural implements sent?" asked the girl.

"Australia, New Zealand, Argentina, Great Britain, Germany, Russia, Switzerland, Denmark, Norway, Italy, Holland, Belgium, Roumania, Austria, Asia Minor, Cape Colony, Orange River Colony and Natal. A few are even sent to Palestine, but, as you can imagine, the demand is not very large for them in that country."

"I suppose a great many are sent to the United States, as we buy so many from them," she remarked.

"On the contrary, our agricultural implements are completely shut out of the United States by their high tariff," said her uncle.

WOULD SHUT THEM OUT

"If I were making the Canadian tariff I would raise it high enough to shut theirs out of Canada," said the girl.

"So would I," said the student. "Why it is evident that if all those imported implements were made in Canada the beneficial influence would be felt in every branch of trade. Every factory in Canada would have to increase its output and all those millions of money now sent to the United States would be put into circulation in Canada, turning over and over again as the workmen employed in the factories and those engaged in getting out the raw materials paid out their wages to grocers, butchers, dry goods dealers, hardware stores, tailors, milliners, furniture dealers, booksellers, tinsmiths, plumbers, carpenters, masons, ministers, teachers, doctors, druggists, lawyers and many others I cannot think of. The consuming population would be greatly increased and Canadian farmers would have to supply all these people with food."

HOW IT WOULD AFFECT PRICES

"But would not the price of agricultural implements rise as a result of the tariff being increased?" said his brother. "I believe the Canadian tariff on agricultural imple-

ments was reduced a few years ago. I suppose that is why about seven times as many agricultural implements were imported into Canada from the United States in 1903 as were imported in 1896, but what has been the effect on prices?"

"It was Mr. Foster who lowered the tariff on agricultural implements in 1894 from 35 per cent. to 20 per cent., but the lowering of the tariff did not benefit the farmers as he thought it would. The prices are actually higher to-day than they were before the tariff was reduced."

"It was in 1879 that Parliament adopted the tariff known as "The National Policy," was it not? Do you remember whether the prices of agricultural implements were increased by the higher tariff?"

"The prices were reduced after the adoption of the National Policy of protection in 1879. The higher tariff enabled the manufacturers to do business on a bigger scale. Consequently they were able to manufacture at lower cost and the prices of implements were accordingly cut down. There was a steady decrease in prices year after year as the Canadian industries developed. In 1878, before the adoption of the National Policy, binders were sold retail in Ontario at from \$275 to \$300. In 1893 under a 35 per cent.



# MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



1.50

1.56

1.63

1.71

1.80

1.88

1.96

2.00

2.08

2.16

2.25

2.34

2.43

2.52

2.61

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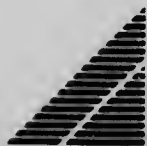
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3.43



**APPLIED IMAGE Inc**

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tariff the retail price of binders to the farmer was \$115 to \$125, according to terms of payment. In 1903 under a 20 per cent. tariff the Ontario farmer has had to pay for binders from \$128 to \$135 according to terms. In 1878 single reapers were retailed in Ontario at from \$100 to \$105 ; in 1893 at from \$60 to \$65 and in 1903 at from \$65 to \$70, according to terms. In 1878 Ontario farmers paid from \$65 to \$70 for mowers ; in 1893 from \$47 to \$50 ; in 1903 from \$50 to \$55. Hay rakes cost the farmers from \$28 to \$30 in 1878 ; from \$25 to \$27 in 1893 and from \$27 to \$30 in 1903. In the case of binders there are also the various attachments, such as sheaf carriers and binder truck which add all the way from \$5 to \$15 additional to the price of binders, but the figures I have given you will enable you to make a relative comparison between the prices in the different years referred to. The prices varied somewhat, of course, in different parts of Ontario according to distance from the factories. In the Northwest the prices have been higher than in Ontario owing to the cost of transportation.

“ I heard a carriage manufacturer say that he sold iron axle wagons at \$110, and top buggies for \$160 in 1878, and that in 1897, before Mr. Fielding reduced the tariff, he



was selling iron axle wagons at \$85 and superior top buggies at from \$75 to \$80. He said this astonishing drop in prices took place gradually year after year under the National Policy, but that there had been no drop in prices since the adoption of the Fielding tariff in 1897."

"Did not the Fielding tariff reduce the duties on some of the raw materials used by the agricultural implement manufacturers?"

"Yes, and those materials are generally dearer now than they were when the tariff was reduced, but the effect of the lower tariff is to encourage the manufacturers to use foreign materials instead of materials produced in Canada."

"Then all the materials used in making Canadian agricultural implements are not made in Canada after all. You painted such a glowing picture of the men engaged in getting out the raw materials that I was quite eager to go and photograph them. Take the iron and steel for example. Is not that made in Canada?"

"Part of it is, but unfortunately the agricultural implement manufacturers use a great deal of imported iron and steel because there is not sufficient protection. If adequate protection were given to the Canadian iron and steel industry, the quantity of

Canadian materials used in making agricultural implements would be greatly increased. The tariff should be so arranged as to give sufficient protection not only to the makers of implements, but to all those Canadians who are engaged in producing materials that are used in making the implements."

#### PRICES HIGHER IN ENGLAND

"You spoke of so many Canadian implements being exported to England and other countries," said the girl. "How do the prices of agricultural implements in England compare with the prices in Canada and the United States?"

"I am glad you asked that question," said her uncle. "As you know the United Kingdom is a free trade country. There are no duties on agricultural implements or on any of the materials used in making agricultural implements, yet the prices of agricultural implements in free trade Britain are actually from 15 to 25 per cent. higher than in Canada, which has a low protective tariff, while in the United States, which gives very high protection to agricultural implements and all the materials used in making them, the prices of agricultural implements rule lower than in any other country in the world. That is an undeniable fact and it is

something that the Canadian farmer should think about. It is positive proof that high protection does not necessarily increase prices as advocates of free trade or a low tariff pretend."

"I suppose," said the girl, "that if we would follow most of the articles we use every day in our homes right back to their starting point, going first to the factories where they are made and then to the points where the materials are manufactured we would get just as varied views as in the case of the agricultural implements."

"Yes," said her uncle, "it is wonderful how one industry acts and reacts upon others, and we cannot hurt one without injuring many others. Some of the manufacturers do not, themselves, realize this. They think if they get sufficient protection for their own industries it does not matter to them whether others are protected or not. But each prosperous industry helps to make business directly or indirectly for many other

"It is evident," said the student, "that the workers in the varied industries of Canadian farms, forests, fisheries, factories, mines, railways and the mercantile classes dependent on them should all co-operate to

secure such a thorough revision of the customs tariff that there will be adequate protection for all."

"That is what Canada needs," said his father, "a patriotic spirit of national cooperation."

## HOW THE BALANCE IS PAID

**I**T has been shown that Canada imported from the United States last year \$128,790,237 worth of merchandise, and exported to that country only \$50,379,535 worth of merchandise excluding gold and silver. This makes the balance against Canada over \$78,000,000. How was this balance paid? International trade balances are settled to a great extent by bills of exchange. During the fiscal year 1903 Canadian merchandise to the value of of \$125,199,980 was exported to Britain. The value of Canadian merchandise sold to Britain is almost equal to the value of merchandise bought from the United States. We imported from Britain only \$59,068,706 worth of merchandise, leaving a trade balance in our favor of \$66,131,274, but actually only \$103,863 of British gold and silver came to Canada. The immense balance in our favor in trading with the United Kingdom was partly used to pay interest on loans and other indebtedness in Britain and partly for the purpose of paying our indebtedness to the United States by means of bills of exchange. The Americans invested a considerable amount of capital in Cana-

dian mines and industrial enterprises, but usually, instead of bringing over the money, they made financial arrangements through the banks, and our adverse trade balance was partly offset in this way. If Canada bought from the United States no more than it sells to that country there would be a steady flow of gold to the Dominion from both the United States and Britain, the United States gold representing the investment of American capital in Canadian industries, the British gold representing partly similar British investments and partly payments for our excess exports of Canadian products to Britain.

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John Bull—That is a big bag of money, Samuel. Where did you get it?

Uncle Sam.—Jack Canuck paid me this for merchandise last year.

John Bull—Why, Jack must spend all the money I pay him for farm products in buying goods from you.

(See page 249.)

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