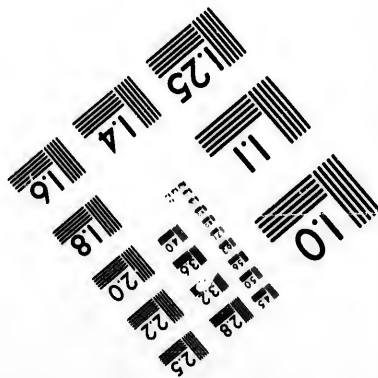
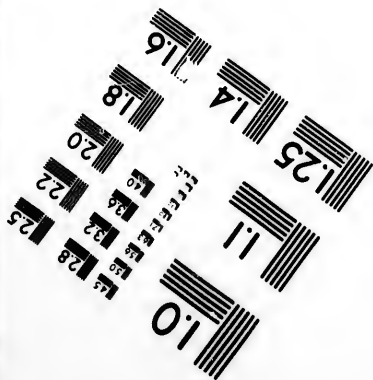
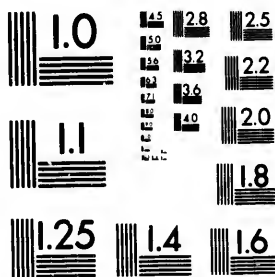


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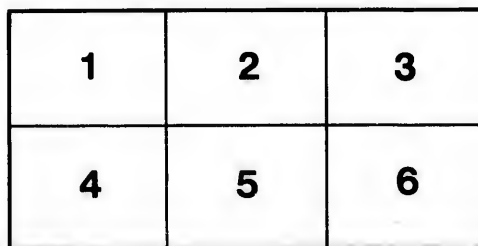
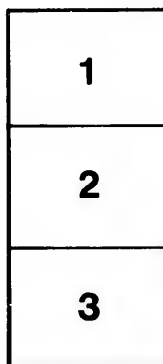
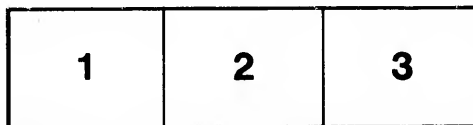
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# COMMERCIAL UNION

BETWEEN THE

## UNITED STATES AND CANADA

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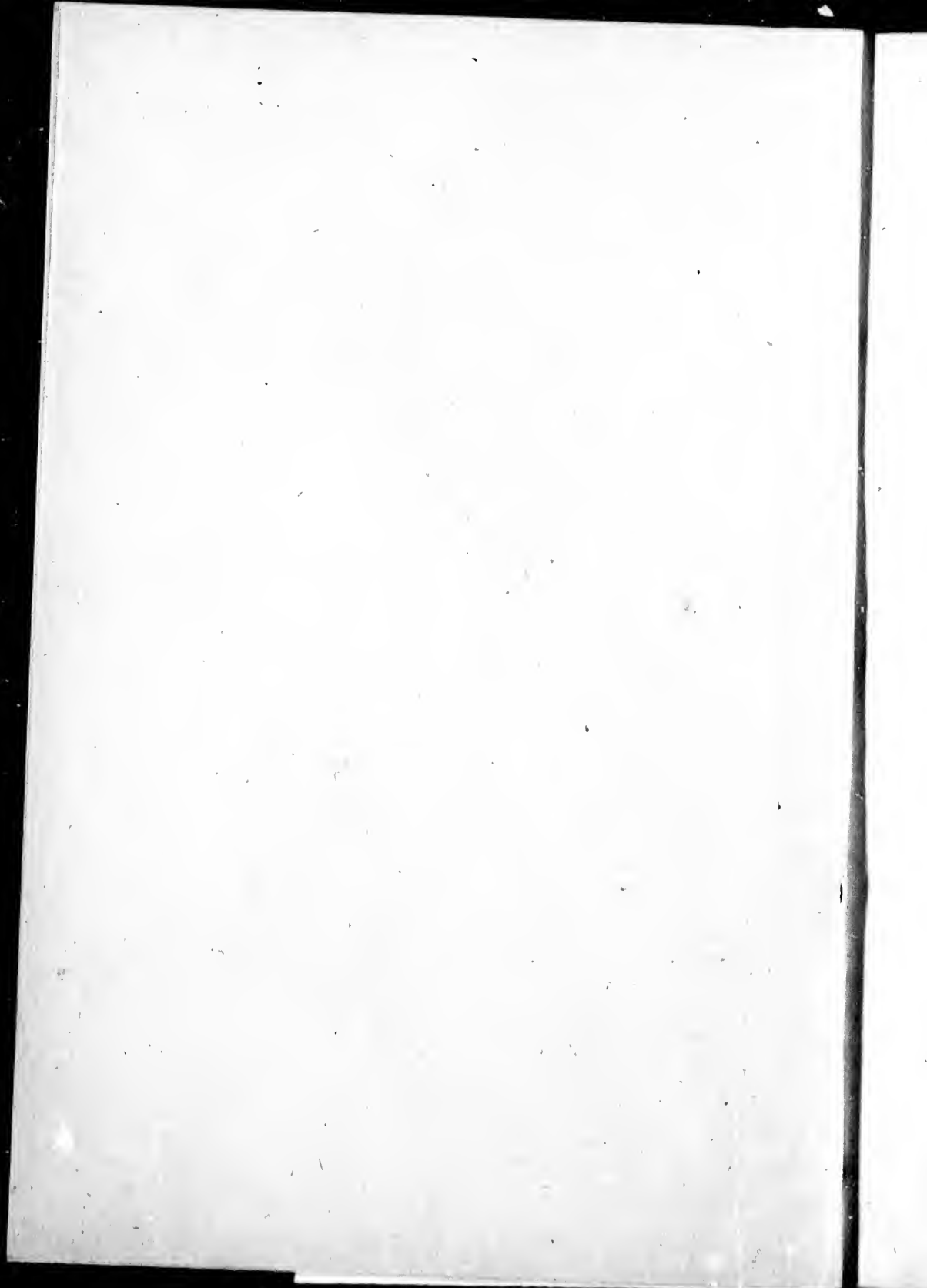
TWO LETTERS FROM EDWARD ATKINSON, ESQ., OF BOSTON,  
IN RESPONSE TO RESOLUTIONS OF THE NEW YORK  
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NEW YORK:  
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COMMERCIAL UNION

BETWEEN THE

UNITED STATES AND CANADA.

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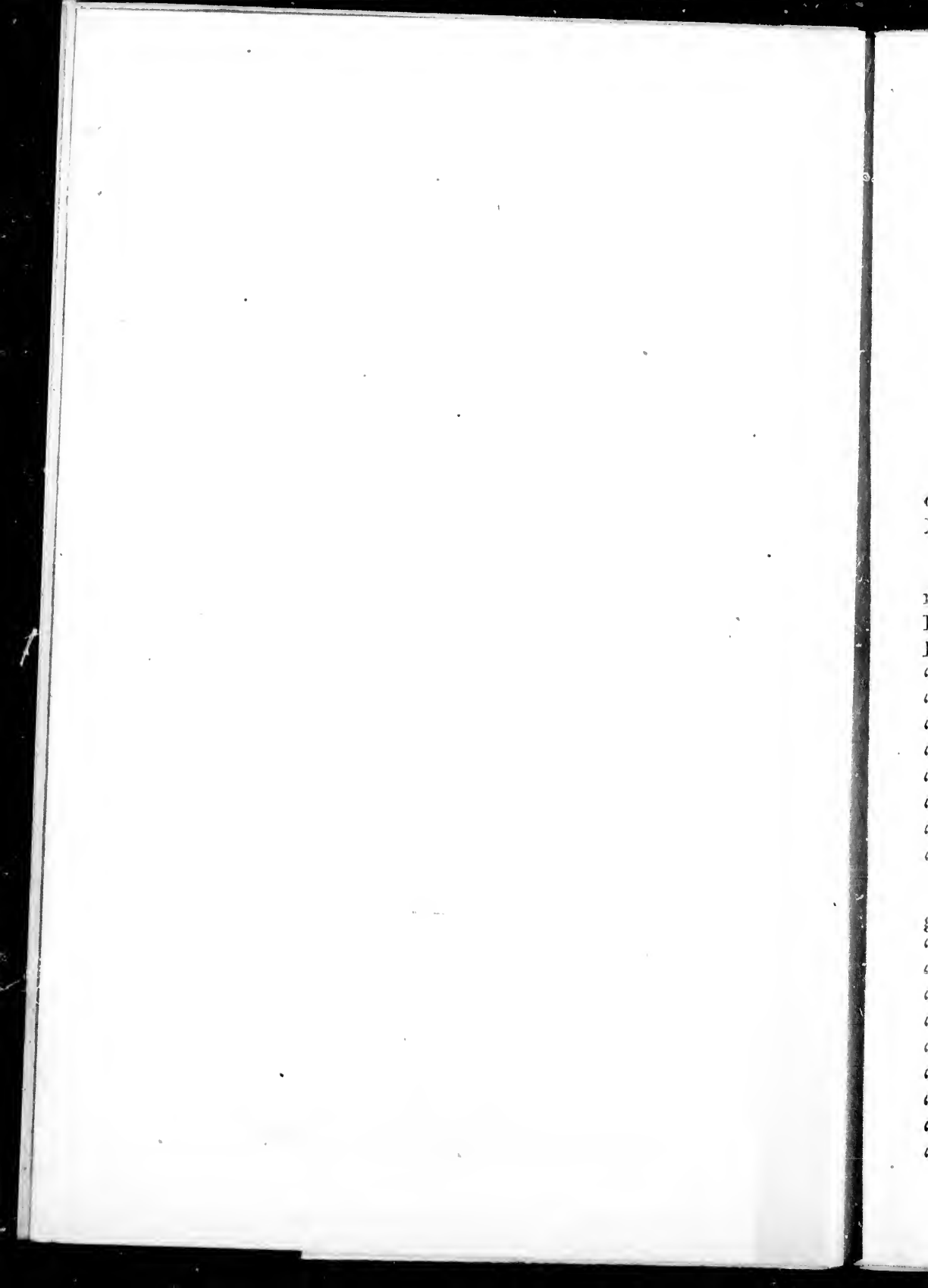
*TWO LETTERS FROM EDWARD ATKINSON, ESQ., OF BOSTON,  
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NEW YORK:

ERASTUS WIMAN, 314 BROADWAY.





COMMERCIAL UNION  
BETWEEN THE  
UNITED STATES AND CANADA.

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AT the regular monthly meeting of the New York Chamber of Commerce, held in November, the following Preamble and Resolutions were unanimously adopted :

*Whereas*, The Right Honorable Joseph Chamberlain, the representative of the government of Great Britain on the Fishery Commission, in a speech delivered before he left England, is reported to have said as follows: "The arrangement between the colonies and Great Britain is essentially a temporary one. It cannot remain as it is . . . . Already you have in Canada—the greatest of all the colonies—an agitation for what is called Commercial Union with the United States. Commercial Union with the United States means free trade between America and the Dominion, and a protective tariff against the mother country. If Canada desires that, Canada can have it;" and,

*Whereas*, On a subsequent occasion, the right honorable gentleman further said, that "Commercial Union with the United States meant that Canada was to give preference to every article of manufacture from the United States over the manufactures from Great Britain. If the people of Canada desired an arrangement of that kind, he did not doubt that they would be able to secure it. He did not think anybody in England would prevent such an arrangement by force; but he remarked that in that case all the advantages of the slender tie that bound Canada to England would disappear, so far as England was concerned; and it was not likely that

“the people of Great Britain would continue much longer to sustain the obligations and responsibilities of a relationship, all the reciprocal benefits of which had been withdrawn;” and,

*Whereas*, The foregoing expression of opinion by an eminent public man, in a high official position, is an important contribution to the knowledge of the members of this Chamber, and as it is supplemented with information from Canada, that a strong movement is in progress there favoring the closest possible commercial relations with the United States, it would seem to be the duty of this Chamber, without any regard whatever to political or territorial considerations, to investigate the possibility of a greatly enlarged extension of the commerce of this city and country into the northern half of this Continent; and,

*Whereas*, It is most desirable that the Canadian Fishery question, which for over a hundred years has periodically threatened to disturb the peaceful relations existing between Great Britain and this country, should be settled on the broad and enduring basis of a mutual interest, resulting from an enlarged commercial relation between Canada and the United States; therefore, be it

*Resolved*, That a committee of five members of this Chamber be appointed by the president to investigate the possibility of a material expansion of our commerce in this direction, by inviting arguments for and against Commercial Union with Canada, and documentary evidence as to the extent and prospects of the trade between the two countries; and to report to this chamber such recommendations for its action as will enable it to contribute its influence, not only to the early adjustment of the Fishery question, but to aid in procuring such legislation as will promote the interests of the commerce of this country, should such action be deemed desirable.

The committee appointed by the President were as follows: Messrs. Francis B. Thurber, Chairman; Jackson S. Shultz, Jacob Wendell, Gustave Schwab, and James P. Wallace. In response to circulars sent out by the committee, the following, among other letters, have been received:

## COMMERCIAL UNION WITH CANADA.

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TWO LETTERS FROM EDWARD ATKINSON, OF BOSTON.

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BOSTON, NOVEMBER 10, 1887.

I have received your letter of Nov. 7, asking an expression of my views upon the expediency of a Commercial Union between the United States and Canada.

It might suffice in answer to put the question in another form:—*What possible objection can there be to a commercial union between the United States and Canada? Is not one country the complement of the other? Does not Canada produce many articles which would be exchanged in very large quantities for other articles produced in the United States, if there were no artificial obstructions to the traffic? Would not this exchange profit the people of both countries? Is any commerce permanent, unless both parties gain by the exchange of product for product.*

Or, the question might be put in this way:—*Let it be assumed that in the treaty of peace, after the Revolution, the Provinces of Nova Scotia, New Brunswick, Cape Breton, and Prince Edward Island, had been ceded to or taken by the United States as a part of their territory. Subsequently, when the confederation of the United States failed because of the obstructions to commerce among the Confederate States, and when the present Constitution was adopted, would there have been any reason to maintain these obstructions between the Provinces named and the rest of the States, which would not have applied to the other sectional divisions? Has not the prosperity of the United States been greatly promoted by the provision of the Constitution that the Commercial Union of the United States should be absolutely free from obstruction?*

We can readily imagine what would have been the conditions of the territory which now constitutes the United States had the Hudson River been the border line between one nationality and another; had the Potomac separated the Middle States from the Southern Atlantic States; had Florida remained a Spanish colony; had not the Louisiana purchase been completed, and had the vast territory beyond the Mississippi remained under the dominion of another power. Should we not have been cursed with obstructions to the mutual service or commercial union of these sections each to the other? Might we not have been divided up as Germany was formerly, into little petty kingdoms each armed against the other, until by way of the Zollverein treaty of commercial union the way was made clear for consolidation, as the German Empire has been consolidated? Might we not have been subject to the curse of standing armies like those which now eat out the very heart of the Continent of Europe? Might we not have

been in the position of the States of Western Europe (aside from Russia and Austria), in which standing armies and navies costing \$400,000,000 to \$500,000,000 a year are necessary to maintain the barriers against mutual traffic, at which barriers a tax of \$300,000,000 to \$400,000,000 is annually collected, to be wasted upon the armies which, except for such barriers, would not be needed?

Suppose for an instant that all these countries of Western Europe had long since adopted such a Zollverein treaty or commercial union as is now proposed between the Empires of Germany and Austria, and the Kingdom of Italy; could the Franco-Prussian war have occurred?

What need, then, for the money tax at the border lines? What need except to collect this money tax for the worse than *money tax*—the *blood tax* of the army itself? for the withdrawal of all the young men from time to time, and from year to year, at the most productive portions of their lives, to waste years in preparation for war, more costly than actual war itself, while the women sweep the streets and do the scavenger work of the cities, or mix the mortar for the masons who lay the walls in the city buildings,—or toil most arduously in the fields, sometimes even yoked with cattle to draw the plough?

What would have been the present condition of this country had the Southern Confederacy succeeded in their effort to secede, and had the Potomac become the Rhine upon whose borders two standing armies would have been required to watch each other, lest the people of the two sections should exchange services, or should enjoy the benefits of mutual commerce?

Have not the Southern people themselves so fully realized the benefits of their present condition and of the Union, of the States, that it would to-day take a larger army to force them out of the Union, or to put back upon them the burden of slavery, than it did to maintain the Union and to establish liberty?

In what consists this benefit? Is it not in the diversity of Southern occupations to which liberty was necessary, and in the commercial union of the whole Nation?

Or again. Let us consider present facts. The last time I met the late Governor Andrew was at a dinner party, shortly after his return from an extended tour in these maritime provinces of Canada, on business connected with certain matters pertaining to the Maine Central Railroad, to which corporation the State of Massachusetts had given certain claims. Being asked by one of the guests to give his general impressions of Nova Scotia, New Brunswick and Cape Breton he replied: "You may take into consideration the two States of New York and Pennsylvania; compute their potential or productive power in agriculture and mineral development; add to these resources of the coast-line fisheries, and you will then have a reasonable comprehension of what these Provinces may become."

Suppose the present little petty contention regarding the fisheries should culminate in a war in which we should conquer these Provinces—take them and hold them—would it then be judicious to unite them on even terms in commerce with the other States? But it is not suitable even to imagine

such wickedness and stupidity as war growing out of a petty question like that of the fisheries.

Take another alternative. The population of these Provinces is something less than a million. The debt of Canada, including these Provinces, is something less than fifty dollars per head. The people of these Provinces have received little benefit from the great railway projects in the far-distant West, on which this money has been chiefly expended; *but they must share the burden*, although they are united with the rest of Canada only by a political railway constructed through a wilderness, which will not pay the cost of its own operation. *Suppose the United States should buy them at a sum equal to their share of the debt of the Dominion of Canada, say forty to fifty million dollars.* Would it be a good bargain for us? It would cost only five months' surplus revenue. Would it not be a good bargain for the Provinces? Would it not be a good bargain for the people of the Dominion of Canada, to enable the Dominion to complete the remainder of its railway system, without incurring any further danger of loss of credit? *Suppose this purchase were accomplished;* would it not then be judicious to remove all obstructions to trade between the people of the Provinces and the people of the rest of the United States, in which Nation they would first become Territories and then States? Why not now, remove these obstacles by commercial union or reciprocity?

Let us look at this matter historically. From 1854 to 1868 the people of the United States were united with those of Canada in commercial union under a treaty of reciprocity. In that interval the United States were engaged in a civil war. Canada was on our flank. Every effort was made by the Southern Confederacy to break up the friendly relations existing between the two countries. Yet not one single soldier was called for to guard our Canadian frontier. Not one single ship was required to protect our harbors from Canadian Alabamas. Where traffic is free, armies become useless. What use of a navy to guard harbors against friendly and mutually profitable commerce?

That treaty terminated. What has occurred since? Loss; antagonism; obstruction; and now each party has begun to arm its ships against the other. Base, wicked, and almost insufferable as war would be, yet the first steps which might lead to war have already been taken. For what purpose? In order to maintain artificial barriers forbidding mutual service between the people of Canada and of the United States. What is this service? Last year the imports of fish into the United States were valued at two and a quarter million dollars. We taxed the fish five hundred thousand dollars. Who pays it? Mainly the working people of New England, who need the fish most, and who have the least wherewith to pay for it! In the same period we imported about the same value of hens' eggs. We did not tax them. Why not? Are not the domestic hens entitled to protection against the pauper hens of Canada? If it is necessary to tax fish and potatoes, why not tax eggs? True, the working people of New England would pay the tax. If each person in the United States enjoys as good a supply of hen's

eggs as the operatives dwelling in the factory boarding-houses of New England, the production of hen's eggs is one of the most important branches of our domestic industry. These factory operatives consume one egg every other day. Suppose we call the present population of the United States, numbering over sixty million, equal to fifty million adults. Suppose we serve each adult with one egg every other day, say fifteen dozen a year, at fifteen cents a dozen, we find then that the egg product of the domestic hen is worth about one hundred and twelve million five hundred thousand dollars (\$112,500,000) a year—more than double the value of our silver product; about fifty per cent. in excess of the value of our wool clip; nearly, if not equal in value even to the excessive product of pig iron of the present year. Does any one propose to protect the domestic hen by a duty on Canadian eggs? (Perhaps some geese may do so.) If not, then why tax Canadian fish and potatoes? We imported last year about six hundred and fifty thousand dollars (\$650,000) worth of potatoes; we taxed them two hundred and ninety-two thousand dollars (\$292,000). A few years ago, when the crop of potatoes in New England was very short, the people paid in that year a tax on Canadian and Irish potatoes of over twelve hundred and fifty thousand dollars (\$1,250,000.) All these taxes on fish, potatoes, meats, and other provisions which Canada provides for us, enter directly into the cost of the manufacturing and mechanical arts in the United States, chiefly of New England. Does any farmer gain? Not one cent. This duty upon Canadian food simply extends the area of railway carriages. It is wasted on hauling meats and potatoes longer distances by railway.

Let us return to the fisheries. The late Professor Spencer F. Baird once told me that the quantity of fish taken from the ocean for the supply of human wants was literally no more than equal to a drop in a bucket of water, compared to the multitude of fish which the multitudinous seas stand ready to give up for our use. Could these fish be diverted *in the water*, from the shores of Canada to the harbors of New England, should we erect a barrier at the mouth of every harbor to prevent them from entering in full measure? If not, why do we erect a barrier to prevent their being brought in *UPON the water*? Who objects? Is it the man who says that the American fisherman should do that work, and not the inhabitant of Nova Scotia, New Brunswick or Cape Breton? Then make it a penal offence for the owner of a fishing smack in Gloucester or in Portland to employ the fishermen of these Provinces in sailing their smacks and catching their fish. More than one-half the fishermen who do this work in these fishing smacks, I believe three-fourths, are citizens of Canada.

Who then objects to the removal of the tax on fish? The owners of the fishing smacks of Gloucester and Portland, and of a few other places. Who are they? Let them stand up and be counted. Let them give a reason why they should deprive the working people of New England of the advantage of an abundance of fish, free of taxation. If they then raise the issue that the fish consumed by the people of the United States should only be brought into their harbors in fishing vessels owned by the same people, then we ask them to consider only their own advantage, as shown by the

figures of the tonnage employed in the fisheries during the period of reciprocity in Canada from 1854 to 1867, as compared to the tonnage employed in the cod and mackerel fishery during the last fourteen years from 1873 to 1886. These figures are as follows:

|   |               |
|---|---------------|
| Tonnage of vessels of all kinds engaged in the cod and mackerel fisheries of the United States from 1854 to 1867, |               |
| average per year, - - - - -   | 250,000 tons. |
| Tonnage of vessels of all kinds engaged in the cod and mackerel fisheries of the United States from 1873 to 1886, |               |
| average per year, - - - - -   | 155,000 tons. |

Are they safe leaders who are so blind to facts? "There are none so blind as those who won't see."

Again:—In these Provinces lie wonderful and most abundant supplies of coal and iron, some of them among the best of the coking coals; floated into the harbors of Maine, New Hampshire and Massachusetts, free of taxation, they might enable us to develop a product of iron and steel, and to rival other sections of our common country in this art. Deprived of them, we are subjected to the loss, not only of the work which might be furnished in their conversion, but we are being subjected in New England to the loss of nearly all the heavy machine work in which we formerly excelled.

If any State should propose to tax for its local purposes the coal used in its furnaces, its factories and its workshops, what would be the reputation of the men who should make the proposition. If the people of the Provinces, more heavily burdened with debt than we are, subject to the disadvantage of isolation, of lack of market, of want of occupation, can yet supply us with coal and iron, what would be the benefit of commercial union or of reciprocity? Would it not be the same as the benefit of practical annexation? Would not each enjoy the benefit of the service of the other? Would not all thrive alike?

If the timber of Canada were within the limits of commercial union, and were free from taxation, might not our own forests, on which our rivers and our water supply now so much depend, be measurably spared? Might we not secure at less cost a better quality and more abundant supply of timber, without injury to ourselves? Will not commercial union, reciprocity, or annexation give us the necessary supply of timber which the great wilderness of the North offers us freely, only upon the condition that we will not ourselves obstruct its use by taxing it.

It is hard to reason for reciprocity, commercial union, or annexation, because I have found no argument against either which will stand the slightest investigation. If it be said that Great Britain would part with a valuable province, even if only these provinces of the Dominion of Canada—*i.e.*, Nova Scotia, New Brunswick and Cape Breton, were sold to this country, thus forever settling the fishery question, then I ask what is the present commercial value of the trade of these Provinces to Great Britain as they are, compared to the value of the traffic of the people of New York and Pennsylvania, by which two States Gov. Andrew measured their possibilities? If in their present condition 800,000 or 900,000 people can buy but little, because they can find no market for what they have to sell, what



would be the measure of their purchasing power of British goods when allied to this country, either by a treaty of reciprocity, or when joined by commercial or by actual union, and then occupied by a dense, busy and prosperous population ?

I am very glad to see that this question is being taken up by important commercial bodies and by the press, irrespective of political parties. The late political contest in this State has been disgraced by misrepresentations of the policy of the Secretary of State, and by incitements to violent resistance to the claims of Canada made by hack politicians, even by some holding high places, whose malignity can only be excused or palliated by imputing to them a want of capacity to grasp the economic problems upon which the people will soon be called to decide.

Very respectfully and truly yours,

EDWARD ATKINSON.

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BOSTON, November 19th, 1887.

F. B. THURBER, Esq., CHAIRMAN, ETC. :

MY DEAR SIR:—There is great virtue in an IF. The object of my recent letter to you was to call attention to the mutual benefit which would accrue to the people of the whole Dominion of Canada and of the United States if arrangements could be made for freedom of traffic by Commercial Union through reciprocity of trade, or otherwise.

In order to bring this main subject carefully and clearly before the mind of the reader, I suggested certain hypothetical conditions which might have happened, or which might now be brought about. Among these assumed conditions, I suggested that IF *we could buy* Nova Scotia, New Brunswick, Cape Breton, and Prince Edward Island, with the fisheries, we should thereby settle the fishery question, and at the same time secure the most complete benefit of a commercial union with the people of these specific Provinces.

This somewhat audacious proposal has attracted the attention of all who have read the letter, somewhat as it did when I first made the suggestion at a dinner party in Manchester, England, during a meeting of the British Association for the Advancement of Science. It did not occur to me, when making it, that such a proposition could be seriously entertained; but it was taken up in so serious a manner by the gentlemen present at the dinner party, as to make it seem worth while to present this alternative for the chief purpose of attracting the fullest attention to the main subject, but with the possibility that even this method of adjustment might, on its own merits, be entitled to consideration.

In order that it may receive any consideration, one must wholly discard all ideas respecting national pride, political jealousy, and other similar conceptions, by which a plain, simple business transaction among nations

is often or always obscured. These obstacles to bargain and sale, covering a part of a national domain, may be insuperable. With this, for the moment, let us have nothing to do; we will ignore this side of the question wholly. What would three plain, straightforward business men do if this case were brought before them for a final conclusion, purely as a question of profit or loss?

Would they not first endeavor to put down on paper all the points upon which they substantially agreed? What would these points be? Are they not as follows?

A:—The different sections which now constitute the Confederation known as the Dominion of Canada are not so united by nature as to make the Maritime Provinces either a necessary part, or even a part which, under other circumstances, would have happened to belong to that Dominion.

B:—It follows that the policy of the Government of other parts of the Dominion of Canada, although beneficial to such other portions, might merely be a burden upon the Maritime Provinces; as for instance, excessive expenditures upon railways for the development of Manitoba, British Columbia, and the like, can be of no benefit to the Maritime Provinces, but may involve a heavy debt, of which their share would be a serious burden.

C:—These Provinces are physically allied by nature to New England. Were there no obstruction to trade between them and the United States, the traffic per capita would be equal to the traffic per capita among the people of the United States. How much that would be one can hardly measure from any existing data; it might, however, be from twenty to thirty times what it now is, so far as one can judge from the tonnage carried by the railways of the United States, which is about eight tons to each person moved 112 miles at a cost of \$8.75 per year. An increase of, at least, ten-fold in mutual traffic would be the minimum if these Provinces were annexed.

D:—It might, however, be admitted that, inasmuch as the Maritime Provinces had assented to the present obligations of Canada, the people of these Provinces could not rightfully withdraw from the Confederation, without assuming their portion of that debt. Their gross debt is about fifty dollars a head; but there are sinking funds belonging to Canada which materially reduce it. The net debt is, I believe, something less than forty dollars per head. On the basis of about one million population, which is not far from the fact, the proportion of the debt of the Maritime Provinces might be forty million dollars.

E:—On the other hand, by joining the United States they would become indebted for a portion of the United States debt, now amounting to about twenty dollars per head, to which they would immediately begin to contribute in the way of taxes.

F:—It might therefore be admitted that the United States should pay either a ratable part of the whole of the proportion of the Canadian debt belonging to the people of the Maritime Provinces, subject to reduction for the value of the public buildings or other property turned over to serve the

purposes of the one or two States of the Union which would be constituted out of the Maritime Provinces, in case of such annexation.

G:—It might be admitted that in the present straitened condition of the credit of the Dominion of Canada, it would be better for them to receive in cash the entire proportion due from the people of the Maritime Provinces, to be applied by the Dominion to the completion of its railway system, or to a sinking fund for the ultimate payment of a part of its debt, than to retain this far distant, isolated, and discontented part of its present domain.

H:—It would doubtless be agreed that, in case of such annexation of the Maritime Provinces to the United States, there would be no further migration of the people from these Provinces, of any importance. On the contrary, the cultivation of the large area of fertile land, for the products of which no market can be found at present, and development of the mineral resources which would then ensue—would furnish occupation not only for the present population, but for a large increase. Activity and enterprise would rapidly take the place of stagnation and lack of employment, with corresponding increase of population.

I:—It would doubtless be agreed that the additional cost of government, which would be incurred by the national government of the United States, would be a trifle. On the other hand, under the present system of taxation in the United States, the contribution of each inhabitant is approximately six dollars per head. This may be reduced by prospective reduction to five dollars per head. Assuming one million of the population to be immediately added by the annexation of the Maritime Provinces, their contribution to the revenue of the United States would be approximately five million dollars a year. The contribution of the increase of population would more than pay the interest of the forty or fifty million dollars expended for the purchase. Therefore the net proceeds of taxation each year might be applied to the reduction of the principal of such debt, at the rate of \$5,000,000 a year. If we paid the outside sum, fifty million dollars, it would be recovered by the taxation in ten years.

J:—With respect to the relation of these Provinces to Great Britain; the *first* benefit would be the entire removal of any cause of difficulty or danger of war growing out of the fisheries. Great Britain would next be benefited by the increase of traffic with the people of these Provinces; their purchasing power is now very small; but with their increasing prosperity, activity, and rapid gain in population and wealth, their traffic with Great Britain would become equal to that of other parts of the United States; and as well known, the people of the United States are the largest customers of Great Britain.

In short, if this proposition is considered purely on business grounds, it may be difficult to find any objection to it. It would profit the people of the Province; it would relieve the people of the remainder of the Dominion of Canada; it would profit the people of the United States; it would save Great Britain a vexatious and dangerous question, and it would benefit her interests by extending or increasing the market for British goods.

On the whole, may it not be the right method of considering such a question as this, first *to take it on its merits*, and then adopt that mode of negotiation which would be judicious on the merits of the question. Is it impossible to remove the purely artificial obstructions of national pride, national jealousy, political antagonism, and party bias?

If such a solution of this question is impracticable, nevertheless its consideration in this way cannot fail to bring the fact into conspicuous notice, *that the larger part of the benefits named may be secured by treaty, without annexation, either by purchase or otherwise.*

Very truly yours,

EDWARD ATKINSON.

