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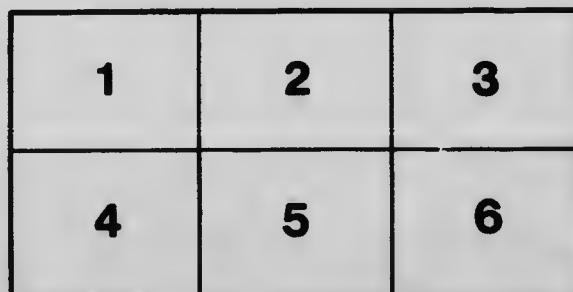
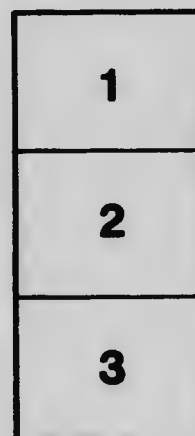
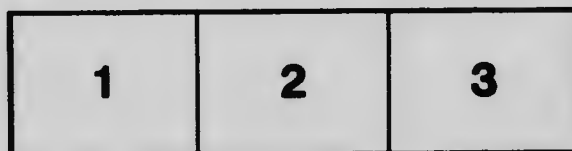
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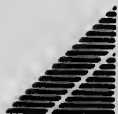
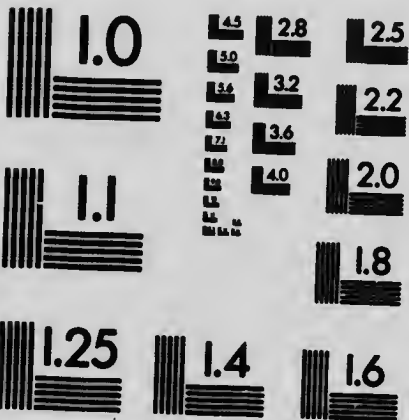
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# Canada's Crisis

Political, Commercial and Industrial  
Relations with the United States and with Other Countries  
Our Transportation Problems and the  
Railway Rule of Canada

The Naval Aberration

*and*

What It is Leading to.

The Light of History  
on Canadian Nationality.

By E. B. BIGGAR



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## The Appeal

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It is not over-magnifying the issue to say that some things will be decided in the coming elections in Canada which will be settled for all time to come. Every Canadian who loves his country and sets her future welfare above his personal losses or gains, should ponder seriously on the momentous meaning of his own decisions. In the words of Dr. Frank B. Vrooman, in his "New Politics," we may ask each other: "Is there enough moral fibre among us to shift the foundations of politics from interests to principles? Are we capable of rising above the plane of profit and loss? We want a new motive. That motive is the common good. We have laid claim to all our rights, and some of us to more. Who wants to name his duties?" In the belief that there is still a majority of Canadians who will not only name, but claim, their duties, and joyfully fulfil them, these reflections on the problems of the day are submitted.

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# Canada's Crisis

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## HISTORY NOT A CIRCLE.

History never repeats itself. The proverb to the contrary merely means that conflict succeeds conflict, nations rise and fall, and that like causes produce like effects. But the parents that reared Moses or Newton, Alexander or Napoleon, never had another like him. There never was but one Babylon, one Greece, one Rome, one Hebrew race, each with a history unique. Astronomers prove to us that since the planets first began to swing round the sun they have never once repeated themselves in the same relative positions towards each other and towards the host of fixed stars. So every nation fulfils a particular destiny that is unique in the history of mankind.

And let us be assured that while we have the power to make our own decisions in national questions there will be some results of such relationships that will be settled for all time—irrevocable and as fixed in history as the geological character of our own Laurentian rocks. The reciprocity agreement, for example, can be ended, as some of us contend. The old reciprocity treaty of 1854-66 was ended, but did its political effects end with its abrogation? We now see that they only began when the treaty ended. It was the first reciprocity entered into by the United States, and it led to a train of events that have already passed into history as the annexation of the Hawaiian Islands and the war of conquest (the Spanish-American war) by which the Republic took its first momentous departure from the path marked out by its great founder. In making that treaty the United States was also at the parting of the ways, and the historian of another generation will have to record whether United States Congressmen who accepted Lord Elgin's champagne and the blandishments of Lady Elgin and her daughter did not betray their high trust and start



their country on a path leading to a continent's tragedy. The fruits of American aggression, as of British aggression, are not yet reaped.

#### THE SOCIAL AND ECONOMIC.

In reflecting upon the relations of Canada and the United States as two nations we must distinguish between the social, the political and the economic, if we would avoid confusion of mind. In the social relationship the people of this continent are already one. We have the kinship of a common humanity. But are we any more kin to the people of the United States than to the people of Newfoundland, to whom we are paying no attention? In the realm of intellect and science there is no such thing as an international boundary line. Shakespeare is as well appreciated and studied in Germany as in America; the invention of Marconi has impressed itself on the minds of Englishmen with even more force than on the average Italian; the inventions of Edison bring as much comfort to the Frenchman as to the citizen of the United States. Moreover, we have social duties as well as social ties, and any Canadian who reflects upon the possibilities of peace and war among the nations must admit that while there are strong reasons why Canada should live in harmony with the United States, there are still stronger reasons why she should get into closer touch with other nations and study to win their friendship. Combinations of mere numbers and wealth are not the foundations of international peace, and we must not forget that there are more human beings and greater human need across the sea than across the line.

The citizens of the United States who esteem their own country's independence, who cherish what is worthy in its traditions and desire their nation to earn the respect of other nations, should themselves respect the desire of Canadians to develop their nationality with the same freedom. That the people of each country had accepted the conditions of harmonious but independent development beside each other is no doubt the reason why relations have been increasing in cordiality of recent years.

Canada has its own peculiar problems which will require all the wisdom and patriotism of its best men to solve, while the United States has problems of a still graver nature into which it would be foolish, as well as unwarrantable, for Canada to become involved by political or fiscal union.

Happily, as Canadians believe, the fathers of this confederation, having the experience of the United States to improve upon, have devised a more flexible constitution by which it is hoped that these international problems will be settled without such painful wrenches as the United States suffered in that awful civil war which after all its cost in blood and treasure has not settled the negro problem.

#### CONSUMER AND PRODUCER.

Before going into the economic question, let us define two terms that are not always clear in the minds of those who discuss economics. Who is the consumer? Each man is apt to think that the class to which he belongs is the chief consuming class. In reality everyone who eats food, wears clothing, buys commodities or converts a thing from one form into a higher form is a consumer. So that a man who buys fish from a fisherman or asbestos fibre from a mine to make it into a fire-proof fabric, is equally a consumer with the man who buys vegetables from a market gardener, peaches from the fruit-grower, or grain from a grain-grower. Every purchaser of any kind of article is a consumer.

Next, who is the producer? Broadly he who produces; in an economic sense he who labors and puts into marketable shape any article used by another. Hence the miner who labors in the bowels of the earth to bring up coal or iron ore; the man who works in a smelter to convert that ore into metal, the moulder who takes the metal and makes it into a stove; the man who works in the woods to get out the timber that goes into a wagon; the farmer who raises the cattle from which we obtain hides; the tanner who prepares the leather for the harness by which the horses draw the wagon; and, more important, the thousand and one mechanics, artificers, laborers and clerks whose united labor goes to make a locomotive and freight train, not to speak of the men without whose work the train when finished could not be moved—all are producers. And while the agriculturist produces a much greater proportion of human food than the fisherman, neither could sell his products unless there were purchasers. The more mouths the farmer can find to feed the more of his products he will be able to sell and, generally speaking, the nearer he can bring the factory to the farm the better for himself. That is why, speaking in a national sense, the home market, especially in all perishable products, is better than a foreign market.

## WHAT IS A MANUFACTURER?

Unhappily this country has had some gifted men who, having no faith in the constructive beneficence of a Supreme Being, but seeing that some screws in the machine of society are loose, have educated the farmer to behold an enemy of his kind in every man who works in or operates a factory. These teachers lead the fabled revolt of the hands, arms and legs against the stomach, but it will be found that the stomach is necessary for their strength, and that a starved stomach will soon mean a weak leg and arm. Our language often fails to convey exact ideas, but if we take the word manufacturer in a broad sense there is no difference between a man who labors in a field and one who labors in a foundry—everybody who produces a thing by labor is a manufacturer. The man who makes cheese, butter, bacon, or parcels up his fruit or vegetables for market—without whose labor the farmer's products could not be in condition for consumption—is a manufacturer. To "manufacture" is to "make" and in a strictly correct sense the Almighty who made the earth, and whose work put it in condition to cultivate, is the greatest manufacturer of all. The man who invents a new machine or discovers a new process of service to mankind is in a noble sense a creator—a copy of his Maker—a manufacturer. What can the farmer do without the light manufactured by the Almighty in the furnace of our sun? And again, what can he do even with it if too much is radiated and the rain withheld? Wherefore, what is he that sows grain more than he who catches fish, or digs ore in the ground?

## DIVERSITY OF OCCUPATION.

If any one of these classes think they only are essential, let them try to erect a community of fishermen, miners or farmers independent of the other producers. Suppose a community of farmers decided to have no dealings with those who now make his implements. Would they not be obliged to start up some of their own number in the business of making these implements or else revert to the conditions and relationships of primitive man? What is the record? In the very beginning of the human race the law of diversified occupation came into action. Cain was a farmer, but Abel was a live-stock raiser; and in the immediately succeeding generations this diversity was carried

still further. Enoch had a taste for construction work and began to organize people into city life; while Jubal, as the father (pioneer) of the ranchers, established a necessary counterpart to city life and incidentally created a demand for new manufacturing processes—the various materials that went into a tent. Jubal was the first musical artist, and as the pioneer in the manufacture of musical instruments such as the harp and the pipe probably did more than any other inventor to restore the harmony of a now discordant world. And then came Tubal-Cain, the world's first metallurgist, the father (pioneer manufacturer) "of every cutting instrument of brass and iron." What endless diversity of human occupation—good and bad together—began here, from the pen that prepared the world's most precious knowledge to the man-of-war that protects or destroys according to the spirit of good or evil that directs it; from the hoe used by the humble flower gardener to the complicated modern agricultural machine or printing press. It is enough to say that diversity of employment is as fundamental and inevitable as diversity of mental endowment, and the modern father of six sons who compels them all to follow his own trade bequeaths to the world one or more misfits.

Social discord begins when any class of men, farmers or manufacturers, forgetting that their Creator is the producer for all, begin to arrogate to themselves the attributes of a Divinity upon whose bounty all other toilers in the community exist. To get back again to the beginning of human life, was it not this very arrogance and jealousy that started Cain into a train of thought which ended in the first murder? And when some demand, in behalf of their class, conditions and advantages which they do not concede to other classes, and ask, "Why should we consider any other interests?" are they not running a close parallel to him who asked, "Am I my brother's keeper?" To suggest that this selfishness prevails with farmers any more than citizens of other occupations would be unjust. Selfishness is grounded in all of us, but the public teaching our farmers have had for years at the feet of idealist writers whose conceptions do not gear into the facts of existence is paralyzing the country with internal strife when its energies ought to be husbanded for the great crisis that is coming on.

## WE AND OUR NEIGHBORS.

And now let us consider the economic relationship of Canada and the United States. It is the belief of the writer that in an ideal intercourse between nations there should be no duties on imports except on those articles injurious to the human body, such as opium, harmful drugs, liquors, etc., and that some exceptions should also be made to free exports. For instance, Canada should restrict the export of raw forest products and at the same time restrain her own people from the criminal destruction of the forests which are vital to the nation's well-being. The simple reason is that the forests protect the surface soil from erosion by freshets, and in regions which cover the sources of streams and rivers they equalize the annual flow of water, and so are essential to the maintenance of water powers. What this means in these days of electricity may be plainly realized when we know that the hydraulic power of Canada is equivalent to the consumption of hundreds of millions of tons of coal annually. In order that no discrimination should be made against citizens of other countries these taxes could be raised by some form of excise duty on the timber cut, the state gradually acquiring ownership of lands declared less suited to agriculture than forestry. In the situation between Canada and the United States we find that none of the political parties advocate free trade "as they have it in England." This being so we must bear in mind that, with or without the reciprocity agreement, tariffs will exist between each of these countries and foreign countries. Hence it follows that reciprocity with the United States is not free trade with the world even if it went to the extent of "commercial union."

### SUBJECTION TO LAW.

If we were individualists and looked at the matter from the standpoint of personal interest without regard to the effect of our desires upon our fellow citizens then to many reciprocity would be a good thing. We want to do what we want to do, and many of us want to heap up a store of this world's goods in the quickest and easiest way. But we recognize that we are atoms in an organization called a nation and that we hold ourselves bound by its laws and under obligation to restrain our individual liberty in yielding to those laws; and, moreover, must pay our share to

maintain the machinery of government. Hence the individual, if he recognizes this obligation to his country, cannot do as he likes with his own to the utmost extent, even in money matters. Moreover, if we confess that "men are more than things; that the producer is more than the product; that life is better than wheat, and character more than timber and land" [Rev. John MacNeill], then we must protest against the assumption that because there is commercial gain in a given act of government all discussion is closed. To determine every problem by the question, "Is there money in it?" is in the end to justify every crime against property and morals, from burglary to bigamy.

#### TRAFFIC NOT ALWAYS GOOD.

Whether the treaty—for treaty in essence it is, otherwise why is the country told it must accept and submit to its terms without alteration?—and why is the legislation made interdependent?—is to be advantage or not depends upon whether we regard it as individuals, as a nation, or in the light of a class interest. If we take the farmers as a class, for example, it is absurd to contend that an increased interchange of products will at once ruin the farmers of both the United States and Canada in the mass. It is equally absurd to deny that individual farmers and even large sections of the farming class on one side of the line or the other would get better prices at times, depending on harvests and trade conditions. But if the farmers on one side gain in the aggregate those on the other side of the line will lose. This is necessarily so because the sum total of the production of the two countries is not increased by the treaty. The whole of anything cannot be greater than the sum of its parts. It has been argued in favor of the proposed bargain that in any trade exchange the buyer and seller must both benefit. It does not follow; nor is willingness to trade any proof of benefit. One important factor in trafficking is that some things are bought because they minister to the luxuries and comforts of life, others because they are necessary to life itself. When the coal famine prevailed owing to the strike of the miners some years ago, thousands of families had to pay at the rate of \$12 to \$20 a ton for coal. They did not buy willingly, nor in many cases did the dealer benefit financially, as coal was then often sold at cost. A poor man who had spent all his spare wages on a diamond ring just

before the famine was not benefited by the exchange of his money for the ring, yet he suffered keenly in body and mind while living on charity for his coal till the famine was past. The purchase of the ring was a willing act, but it brought him no benefit, while the purchase of the coal at famine prices was compulsory to the buyer and even unprofitable to the seller. The United States, like the man with the ring, having squandered their forest assets with the wastefulness of children (to use President Taft's words) and having "mined" out its wheat farming lands, now turns north as the famine pinches and asks the assistance of this government to devastate the resources of Canada as it has wasted its own. The parable of the five wise virgins and the five foolish virgins has an application here.

So we see that traffic may be good or it may be damnable, according to circumstances. That kind of traffic cannot be good for Canada which has already brought sterility on thousands of square miles of United States territory and brought many industries in that country to the point of collapse.

#### ECONOMIC IMPASSE.

At this point let us review the economic situation of the United States. Last year for the first time in the history of that country its exports of manufactures exceeded in value its exports of raw products and semi-manufactured products combined. In this outstanding fact we can see reasons why an arrangement of the kind proposed is sought by the United States Government, not so much to benefit the farmers on either side as to maintain the further development of that country's industries. In the introduction to the annual report of the "Commerce and Navigation" of the United States, just published, the situation is set forth so lucidly that one need not be a student of political economy to understand whether reciprocity is a move to benefit the farmers or the manufacturers of the United States. It says:

"The foreign commerce of the United States in the fiscal year 1910 showed a continuation of those characteristics which have been distinctly observable during recent years—a decline in the exportation of foodstuffs and an increase in the exportation of manufactures. With the increase in the exportation of manufactures occurred also an increase in the exportation of manufacturers' materials.

"This change in the character of the export trade, the increasing share which manufacturers form thereof, while more distinctly observable in recent years, has been in process during the past quarter of a century and especially during the past decade. The share which manufactures formed of the exports of the United States was, 1880, 14.78 per cent.; in 1890, 21.18 per cent.; in 1900, 35.37 per cent.; and in 1910, 44.89 per cent.; while in the first nine months of the calendar year 1910 manufactures actually formed more than one-half of the exports, the precise figures being 51.34 per cent. The value of manufactures exported has grown from 48 million dollars in 1860 to 767 millions in 1910. Thus, the gain in exports of manufactures from the United States in the twenty years from 1890 to 1910 is over five times as great as in the thirty years from 1860 to 1890.

"The percentage of increase in the exportation of manufactures has been much greater than that in the production of manufactures, especially during the past twenty years. The census figures of gross value of manufactures produced in the United States are, for 1890, 9,372 million dollars; for 1900, 13,004 millions; for 1905, including neighborhood industries and hand trades, which were included in the earlier census reports, 16,867 millions, and in 1910 will presumably exceed 20,000 million dollars. This would indicate an increase of more than 100 per cent. in the value of manufactures produced in the period from 1890 to 1910, while the increase in the value of manufactures exported is over 325 per cent.

"Coincidental with the increased production and exportation of manufactures has occurred increased importations of manufacturers' materials. In fact, this has been the most striking feature of the import trade in recent years, an increased importation of manufacturers' materials, both those in the crude form and those partly manufactured for further use in manufacturing."

From these facts one thing is self-evident—the more refined forms of manufactures have at last become more important, in the aggregate, to the United States than the production of raw materials and their fabrication in cruder forms. From this it should follow that as the output of these higher forms of manufactured goods has outgrown the others there should be a rise in the price of the cruder manufactures and so-called "raw materials," together with increased importations of them to keep up the supply.



And this we find has actually happened, as the details of United States imports and exports clearly show. If this change is permanent, then protection must be readjusted at some points to meet the new condition, if that country's industrial progress is to advance to the next stage. There is a necessity, therefore, not any wilful antagonism to the United States farmer nor any consideration of generosity to the Canadian farmer, has urged the United States government to propose an agreement whereby the raw materials and some partially manufactured goods of this country shall be admitted free or at reduced rates of duty. As long as they could get their raw materials at home the manufacturers of the United States would be consistent protectionists, but since a sufficient home supply has failed what are they to do? They must get those cheaper materials from abroad to make up their shortage, or they must yield up to Canada the export trade based on those materials. To do this is impossible without taking away a part, or the whole, of some other man's protection at home. To make this first great breach in theoretic protection some pretext has to be put forward to people who have to be won by persuasion and by votes. And so Canada was approached with a reciprocity proposition not on the ground that it was an economic necessity to some of the industrial interests of the United States, but largely on the ground that it would be a great step towards international peace. Many people in both countries have persuaded themselves that love and not trade is the motive. Let those who have studied human nature judge of the depth of an affectation based merely on trade advantages.

The United States has reached a crisis like that of Great Britain in 1846 when, no longer able to feed herself and obtain cheap supplies of materials for her manufactures, she renounced the duties on most imports, especially on foodstuffs, and so-called free trade became the policy. That the change in the economic policy of the United States is one from which it cannot withdraw without an industrial collapse at some points—no matter what the response of Canada may be to the reciprocity proposition—will be clear from a consideration of two illustrative industries in which Canada is concerned. These are the pulp and paper, and the milling and allied industries.

## THE PULP AND PAPER CASE.

The opinion of officials who have made a study of forestry conditions in the United States is that the usable supply of timber in that country will at the present rate of cutting be exhausted in from twelve to twenty-five years, experts differing within that margin of time. Reckless and wasteful operations have brought this famine on the country unawares, though the voice of warning was raised by Cleveland and still more vehemently by Roosevelt. Practically all the newspapers are printed on paper made from wood and so it has come about that the United States papers were among the first to suffer the pinch of wood famine. It was aggravated by the fact that since water has to be freely used in the process of making pulp as well as in supplying motive power for it, and since most of the hydraulic streams of the United States have become too valuable in other industries to be profitably devoted to paper making, the mills making cheaper grades can no longer compete with Canadian mills which have cheap wood and cheap water power. Concurrently with an increase of price by home paper makers the Provincial Governments of Ontario and Quebec, foreseeing the approach of a famine such as has overtaken most of the States to the south, prohibited the export of timber from crown lands and this policy has been followed by British Columbia and New Brunswick. The United States Government yielded to the incessant agitation raised by the daily papers who demanded in favor of their own business what few of them solicited in behalf of the industrial interests at large—free trade. Thus we have the spectacle of an agreement designed to give absolute free trade in news print paper valued at four cents a pound and under, safely covering the requirements of the daily press, while leaving substantial duties against the higher grades of paper used in the United States industries at large. No one need have a technical knowledge of the subject to see the injustice of a discrimination which leaves the weight of protection in favor of that branch of an industry making the higher profit and getting the higher prices, and taking it absolutely away from that branch already hard pressed by reason of the handicaps of increasing cost of wood and increased cost of power. This pulp and paper feature, which we know was the mainspring of the proposal to Canada, is an apt illustration of the arguments used by the authors of "Rece-

procuity" in condemning that policy as a fallacy in general. They show that its benefits have been illusory to the United States and that it is no substitute for tariff revision. They say: "Of the question whether it is right to barter away one man's protection in order to gain a trade opening for another man, it is not necessary to speak. The usual argument states that we barter away only that protection which is no longer needed. To such a statement it is natural to reply that if the protection is no longer needed it should be withdrawn in the interest of our consumers." They then add: "Certainly no one would object to having foreign countries cut down tariffs in other goods of our own production in return for our removal of a protection which was no longer needed." The same authorities agree with President Cleveland in rejecting the reciprocity idea because it is "a device for entangling our fiscal system with another for the purpose of territorial expansion or national aggrandizement." On this ground among others the *Pulp and Paper Magazine of Canada* sees danger ahead. It points out the difference between the cancellation of a trade treaty between Canada and a foreign country and between Canada and the United States. In the former cases oceans separate us from the other parties and no important industry would be established under the control of the foreign interests concerned in the treaty. In the case of Canada and the United States the first and inevitable result, as generally admitted, would be to transfer the groundwood pulp and the news print paper divisions of the industry to Canadian territory—but not necessarily into Canadian hands—diverting Canadian mills to this class and leaving the higher and more profitable branches of the Canadian trade to United States mills which are equipped for a large market. In the pulp and newsprint end this would create and consolidate huge financial and industrial concerns who will own in Canada the feeder industries, such as pulp producing mills tied to their more important manufactures in the United States. "These corporations," says the magazine, "are proverbially influential in shaping legislation in the United States. When they are given rights of pre-emption under the specific authority of a treaty and when they acquire vast areas of land in Canada (as they are now doing), the possession of which becomes an essential condition of maintaining their business on their own side, they would be more than human if they did not appeal to their government to prevent such a pipe-line from

being severed by the abrogation of the agreement." That such influences actually brought about the annexation of the Hawaiian Islands and Porto Rico and the Philippine Islands we shall see later on.

Denouncing the wrong done by such burglarious legislation the same journal says:

"The daily press is a great force. It may sway men's passions; it may play upon men's prejudices; it may even warp men's judgment to a dangerous degree at times, but it cannot for any length of time subvert men's reasoning faculties. And the administration at Washington that seeks to evade the problem of its domestic reforms by inveigling a friendly neighbor into fiscal entanglements that are sure to create trouble and friction, where trouble and friction do not now exist, will in due time be dragged from its refuge. And the daily press that enters into a conspiracy to gain for itself trade advantages by legislating away the protection of some other class will sooner or later find its selfish plot condemned. On the face of things the proposed reciprocity agreement will immensely stimulate certain branches of the Canadian pulp and paper industry, but the *Pulp and Paper Magazine* does not want to see Canadian prosperity gained by the robbery of legitimately founded interests in the same line in the United States. There is a sound old English law that makes it a crime to receive goods from another person, knowing those goods to have been stolen; and burglaries can be committed by legislation as well as by breaking into houses. If there is anything wrong with the tariff of the United States or that of Canada, let our administrators investigate it and apply the remedy, but let them not try to delude us with the fallacy that the spoliation of one class for the aggrandizement of another is tariff reform."

Mr. Taft and the owners of the daily papers whose support to the reciprocity scheme was secured by the offer of free newsprint met recently in New York and it will be recorded as one of the ironies of fate that at this meeting and through the medium of these very papers the President, in an unguarded moment, gave to the world the speech now so extensively quoted against him in which the purpose of severing Canada commercially from Great Britain was frankly confessed. That political motives are mingled with commercial motives, whatever may be in the mind of President Taft, may be deduced from the fact that the question of annexation which was scarcely mentioned two years ago

is being discussed in every State in public or private now. In reply to questions raised in Canada, Messrs. Taft and Knox assure Canadians that this agreement is purely an economic measure and has no political significance. These are academic opinions of no more value than the opinion of any other two citizens after these gentlemen resign office. As a matter of observation is not trade now the mainspring of United States foreign politics?

### THE MILLING AND CEREAL TRADE.

The grain, milling and cereal trades are also an illustration of the inequitable working of a reciprocity agreement if each country is to maintain a national control over its fiscal policy unhampered by the other. The agreement places grain of all kinds on the free list in both countries, but leaves a duty on flour, oatmeal, biscuit and all other manufactured breadstuffs. The express plea in putting grain on the free list was that it would reduce the cost of living to "the toiling masses" and Mr. McCall, the chairman of the committee in Congress, in officially advocating the agreement solemnly denounced a tax on the food of the people as "the most odious of all taxes." But has it been made clear how the United States miller is going to pay the Canadian farmer more for his wheat than he is now getting and at the same time reduce the price of flour to "the toiling masses" in the United States? And can it be made plain to the United States farmer at the same time how he will continue to receive as good a price for American-grown wheat as he is assured he will if these miracles of reduction in the price of manufactured foodstuffs are to be performed for the consumers of the cities?

Since modern nations do not eat wheat in the berry, one would naturally expect that this crusade for reducing the cost of food for the "toiling masses" would begin by laying the axe to the root of the tree—that the duties would first be removed from flour, bread, biscuits and cereal foods, and those manufactured products which the masses actually eat. But those manufactured articles are still dutiable under the agreement. The farmers of Canada have the reciprocity agreement held up as a free trade movement by which they will profit at the expense of the United States farmer, but such contradictions cause the *Wall Street Journal* to describe it thus:

"The reciprocity agreement sounds rather like the

prospectus of a mining stock company which claims to reduce the cost of living, help the farmer, and give new business to the manufacturer."

The simple truth is that the United States is rapidly losing its export trade in flour and other cereal products, while Canada is as rapidly gaining new markets abroad. By the excellent system of government inspection the standard of Canadian wheat has been so raised in character that a Canadian wheat certificate is worth more than its face value in gold. Canadian flour has gained a prestige as a direct result of the high standard of Canadian wheat. The millers of Minneapolis—a district in which is concentrated the largest and wealthiest milling corporations in the world, having a capacity one-third more than their present output—have, through their trade organs, publicly recognized the fact that without free Canadian wheat the primacy of that district in the foreign flour trade must pass to Canada. This may come about if Canadian farmers and Canadian cereal manufacturers decide that both raw materials and finished products shall be made in Canada, shipped from Canadian ports and under Canadian names and brands. At all events in proof that the flour exports of the United States are diminishing the following figures are given from the annual report of the "Foreign Commerce and Navigation of the United States":

*United States Exports of Flour—Domestic production.*

1907	.....	15,584,667 barrels
1908	.....	13,927,274 barrels
1909	.....	10,521,161 barrels
1910	.....	9,040,987 barrels

representing a fall of over one-third. On the other hand Canadian exports of flour have increased in the same period as follows:

*Canadian Exports of Flour—Domestic production.*

(From Canadian Trade and Commerce returns.)

1907	.....	1,092,123 barrels
1908	.....	1,962,740 barrels
1909	.....	1,738,038 barrels
1910	.....	3,064,028 barrels

These figures tell their own story of what is happening.

In the region of meat products the agreement takes the same method of removing "the most odious of all taxes ever devised by government." Live animals, which the farmer raises, are placed on the free list, but butchers' meat, bacon, ham, tinned meats and all other prepared meats, as well as wool, etc., are still dutiable. As it is well known that the greatest increase in price to the consumer is caused by the processes through which these raw materials pass, and the handling by dealers after they leave the farmers' hands, the claim that the agreement removes the odium of the taxation on the poor is hardly borne out. The following reasons given by Mr. McCall, the chairman of the committee on the reciprocity bill in Congress, are more easily understood:

"The centre of the wheat-growing area of North America is in the vicinity of Minneapolis. It is also the central point for the making of flour. A tremendous impetus would be given to the flour-making industry and to the trades dependent upon it. The clearing of the transactions would create a business of an important financial character, much of the purchase price would be likely to find its way into general channels of trade, and our American railways would have a profitable business, which would aid in their maintenance and result in the remunerative employment of labor."

#### THE UNITED STATES GRAIN MARKET.

Secretary of State Knox offers another reason which relates to the control of the wheat market of the continent by the Chicago wheat kings. In a recent speech in Chicago which has escaped the attention of Canadian newspapers he said:

"In providing for free wheat we also take into account the facilities which the United States possesses for handling a part of the surplus Canadian crop and thus preventing the demoralization of prices which results through the dumping of large quantities upon the European markets, where the world's price is fixed. The free admission of grain from Canada thus meets the present situation and provides against future contingencies when the Canadian surplus becomes greater by placing the control in the hands of our own grain growers."

The grain grower, unfortunately for himself, as he thinks, is not the man who fixes the price of grain either

in Canada or the States, so that Mr. Knox here adopts a cryptogram by which he assures the Chicago financial men and wheat pit operators that under the agreement they would control the price in both countries at least to a greater extent than at present. It only requires the necessary banking credit for both the operators in grain and in meat to control a whole continent as easily as half a continent if the markets were pooled, and those who imagine that such control would not result if restrictions were removed know neither the resources nor the methods of these potentates.

### THE UNITED STATES FARMER.

Let us now hear the plea of Mr. Wilson, the United States Secretary of Agriculture, and here we are listening to reason on a broader ground as far as it appeals to the United States farmer at least. Mr. Wilson is not a mere theorist, but is himself still a farmer. He has been Secretary of Agriculture through four administrations, and during that time has the credit of having literally created the beet root sugar industry of the United States. In June, in an address to business men and farmers in Michigan, Mr. Wilson said:

"If there wasn't a grain of wheat raised in Michigan the farmers would be better off. They should buy their wheat and spend their time and energies in raising horses, cattle and other live stock and sugar beets. Wheat takes the life out of the ground, and the more of it there is raised in the Canadian Northwest the better for the farmer in this country. Free wheat will be a boon to the farmer because it will be cheaper and he will use his soil for something that is more profitable. Once upon a time Iowa raised 32,000,000 bushels of wheat and now it is down to 7,000,000. Not a pound of wheat has been raised on my farm in years. It robs the soil, and the only place it can be grown profitably is on virgin land, such as Canada has, and in time that land will have to be turned to something else, the same as in the wheat belts of this country."

Some of our own scientists and public men have given the same counsel to Canadian farmers as to the effect of constant cropping the land with wheat and shipping away the by-products instead of returning them to the soil, and if diversified farming is a wise policy for United States farmers is it less wise for Canadian farmers, and is the



great heritage of the Northwest to be impoverished for the sake of gratifying a passing wave of mistaken opinion?

Mr. Wilson proceeds with his reasoning: "Some have said that reciprocity will benefit the cities. Good enough. I hope Detroit doubles in size. The more Detroit grows the more there is in it for the farmers of Michigan. People here have to eat and they have to rely on the farmer. When a farmer decries the growth of a city he is in the same boat that the farmers of Iowa were before the civil war. They raised big crops, all raised about the same thing; there was nobody to consume the foodstuffs and they had to be sent to Liverpool. I always have said what the farmer needs is to have the factory come just as close to him as it can, and then he will make money, for the men in the factories are dependent upon him for their living. As a matter of fact we export far more into Canada than we import, and with reciprocity the balance of trade must continue to be on our side."

Mr. Wilson is here talking with sincerity to his own people, and is reasoning upon the the ry he put into practice with such distinguished success in the beet sugar industry of the United States. If this argument is sound then the western Canadian farmer may look beyond the present transition condition if he would leave to his children an inheritance balanced by farm and factory brought together, providing diversified occupations for every taste. As a matter of fact the farmers of the United States, profiting by the teachings and the warrings of their leaders are now recovering the ground they lost in former years, when they followed the unskilful methods that are being pursued to-day in our own country. If one takes up the last report of C. L. Olmsted, Chief of the Bureau of Statistics of the United States, he will see that while the production per acre over the whole Union was a declining one up to the end of the last century it has been an increasing one since. Mr. Olmsted shows that the average production per acre in the four years ending 1909 has increased in the staple grains from six and a half per cent. all the way up to over fifteen per cent. above the average of the preceding ten years; as the result of intensive farming and better treatment of the soil. It is further the opinion of Mr. Wilson, Secretary of Agriculture, that the exports of United States farm products will through this policy soon again increase, since only about half the area of the country has been brought under cultivation.

## UNITED STATES FARMER VS. CANADIAN FARMER.

What would happen under a free interchange of products would therefore depend on the increasing intelligence of the farmers on one side or the other. What has happened in the last quarter century between the two countries is this, that the farmers of the United States have gained a larger increase of aggregate trade in Canada than the Canadian farmers have gained in the United States. The figures are as follows:

### *Canadian Exports of Raw Farm Products to United States.*

1886 .....		\$12,561,633
1910 .....		14,007,988

### *Canadian Imports of Raw Farm Products from United States.*

1886 .....		\$ 4,103,465
1910 .....		11,963,779

The following is the record of trade in the same period in commodities made from farm products, such as meats in manufactured form (bacon, hams, tinned meats, etc.), cereal manufactures (flour, meal, biscuits, etc.), dairy goods and miscellaneous manufactures of the farm.

### *Canadian Exports to United States in Manufactured Farm Products:*

1886 .....		\$3,388,000
1910 .....		4,026,297

### *Canadian Imports of Manufactured Farm Products from United States.*

1886 .....		\$ 4,666,429
1910 .....		18,910,628

If every article manufactured from what the farmer produces were taken into account the record would be still more in favor of the United States, the United States having increased its trade with Canada four times, while Canada has lost three-fourths of her former exports

to the States. These figures are condensed from the Canadian Trade and Navigation returns. They do not include cotton and tropical fruits but only such things as are grown in common by the farmers of Canada and the United States. Since the statement is often made that a high tariff necessarily increases the cost of living in proportion, one question may here be asked. Seeing that the average duties in the United States during all this time have been about twice as high as those in Canada, how can we say that the cost of production in that country is inevitably raised because of the duty, since the Canadian farmer, who should have produced more cheaply under his low tariff, has relatively lost ground?

#### EXAMPLE OF THE CHEESE TRADE.

Taking the advice of Secretary of Agriculture Wilson to the United States farmers as sound, the history of the Canadian cheese trade presents a good example of what may be accomplished in Canada if farmer and manufacturer work together at home. In the '80s of last century a convention between farmers and cheese and butter manufacturers was held at Ottawa and the result of a mutual understanding was an educational campaign that led to the immense development of the cheese industry we have to-day. At that date Canadian cheese had to be sold in Liverpool and London as "American" or else take a lower price. To-day the situation is reversed and Canadian cheese has not only a British reputation but almost a world-wide name, so much so that United States makers have got the practice of using Canadian names and shipping through Canadian ports in order that a Canadian origin may be presumed. This shows that co-operation not antagonism, between Canadian farmer and Canadian manufacturer is the key to national reputation; and if it is so in the cattle and cheese trades it is still more so in the grain trade where the first foundation of national success is already laid. If the millers in Canada are making too much money the grain raisers can do as the dairymen did—go into the business themselves. It was by linking up Canadian cattle and Canadian milk to the factory that Canadian cheese was able to win its world-wide fame; and it will be by linking up Canadian wheat with Canadian flour, biscuit and cereal foods that a still greater industry will develop with foreign countries. There is

vast world outside the United States and consequently if "two markets are better than one" then twenty markets are better than two. If trade is what we are seeking, our commerce will have a better balance by cultivating relations with many nations rather than making ourselves a trunk line to one.

#### THE FOREST AS A NATIONAL ASSET.

We have seen that foreign trade may be good or bad according to its subject. This applies with grave force to questions affecting our forests. The idea that Canadian forests are "inexhaustible" is one of those misconceptions begotten of the habit of literally interpreting a figure of speech. The official State publications of Michigan used the term "exhaustless" regarding the forests of that State till a few years ago, but to-day Michigan is importing lumber for its woodworking industries and Wisconsin is bringing pulpwood all the way from Quebec. Dr. Fernow, our best authority on forest areas, estimates the forests of Canada at about half of the previous popular estimates, and we know that the farther we go north the more limited the variety of trees and the slower the annual growth.

#### A VOICE OUT OF THE EAST.

The average Canadian, born of Canadian parents, and bred with an embarrassing wealth of wood around him, cannot yet comprehend how a nation may die when its forests die. Let us go then to a region in northern Syria, about the area of our own Niagara Peninsula, whose northern boundary is the road from Alexandretta to Aleppo. The picture here presented is based on facts supplied by Mr. Prentice, of Princeton University. The hills of this region belong to the chain of mountains running into Lebanon and from them ancient nations took out timber more than two thousand years before Christ. The "Cedars of Lebanon" which went to build Solomon's temple were drawn hence, and lumber was still plentiful in the early Christian era as is proved by the number and size of the buildings whose ruins show that they were roofed by wooden trusses. On the terraced slopes around Apamea grew in profusion the sweet grapes which supplied the tables of the rich in Rome as Malaga grapes do the rich of Chicago to-day. All about these foot hills were vineyards and orchards of olives and fruits. We know this from the thousands of oil presses hewn out of the solid rock. Mr. Prentice counted more

than a hundred around the ruins of one town. The region must have been a veritable paradise of fruits and flowers, and the inhabitants of great wealth, because the ruins of the town disclose fragments of stone colonnades, public halls, baths, churches and temples, while many private houses had three-storied porticoes built of the finest masonry with stately columns and capitals and moulded doorways cut in fine white marble or limestone. Within this area was the City of Antioch, where men were first called Christians; Apamea, the garden city; Aleppo, once the seat of Saracenic power. Of its trade it was said that everything that grew on land or sea could be bought there except snow. Altogether within this district there flourished down to the fourth, fifth and sixth centuries of our era about 150 cities and towns. What a spectacle now! Antioch which in the first century numbered over half a million has now 30,000 people; Apamea which at the memorable Roman census taken at the time of Christ had 117,000 now has a population of 8,000. Many of these once prosperous towns are without sign of life, except a prowling wild beast or two; others are inhabited by a few impoverished people living in mud huts or squalid dwellings built of the ruins of the ancient cities. Poverty and misery are pictured on the face of the landscape and on human face alike, and seem more lamentable as the imagination calls up the departed beauties of the region.

What wrought this desolating change? So simple a thing, and yet so vibrant with the thunder of warning to Canada. The soil of these hillsides had never been deep—as is evident by the terraced walls and the “rough dressing” of stones in the lower portions of the buildings—but such as it was, it was held and maintained by the trees. When the “Cedars of Lebanon”—of which only a few now remain as objects of the pilgrimages of tourists—were cut down the torrential rains of the wet season swept the soil away little by little till it became too poor to support the inhabitants and then they began to move away. Wars and epidemics arising from poverty and ignorance completed the desolation, and there you have in this book of blasted nature the history of how the forest resources of a country may be “developed.” And farther east, on the plains of Mesopotamia, where wheat was first grown for human food, we have the prototype of our prairie provinces written in a more extensive and still more tragic volume of human history, the desolate desert where rich Babylon fell.

"The earth is the Lord's and the fulness thereof," and the material assets of a country are a trust which no government, except a government of profligates, should permit its people to squander at the passing whim of a passing generation. Such assets are the rightful inheritance of a distant posterity, and if we do not administer them as in trust for our descendants then our greed will lead us in the path of Babylon and Nineveh.

#### WANTON WASTE IN AMERICA.

We know that the thoughtless exhaustion of the soil of the American prairie lands is largely the cause of the migration of United States farmers to the Canadian west to-day. The wanton depletion of the whitefish and herring from United States waters of the great lakes has been followed by an invasion of Canadian waters till the food supplies of these lakes are in danger. The greed of the seal hunting monopolists of Behring Sea, which has all but killed its own golden harvest, now appeals for government intervention against the spirit of international law. Improvident fishing against both law and reason has practically exterminated several valuable varieties of an ocean's food supplies from the American Atlantic coasts, and now the destructive quest is pursued in Canadian waters. If such examples of that avidity of gain which tends to poverty of estate as well as poverty of soul are quoted from the developments of the United States it is not to claim that Canada has not gone far in the same evil course. We can only be thankful that there is something left in Canada to save, but woe be to our nation if, prostituting the name of Progress and misinterpreting the spirit of enterprise, we behold these doings among our neighbors and then ourselves go on to commit "the abomination that maketh desolate." If it has taken a thousand years of overseeing care of a bountiful Providence to create the forests on which our "white coal" and the fertility of the lands in future must depend, is it fair that one or two generations should devastate this unique heritage, and in the name of international good-fellowship invite another nation in to assist in the devastation? Is it not the most solemn duty ever laid upon the statesmen of a people who claim to be "a nation in the making" to shape its policy so that special interests—whether timber limit owners, manufacturers, farmers or railway companies—are not permitted for their selfish ends to destroy in a decade that which required hundreds of

years of Almighty Power to create and make ready for our trusteeship? If Japan were master of this continent would she thus despoil and destroy the inheritance of her children yet unborn?

#### HOW THE PRAIRIES WERE PREPARED.

Such reflections apply not alone to the great forests, whose slow growth is apparent to the most casual observer, but to the great prairie. Though these prairies look as if they were finished at the beginning of time we are indebted to geologists such as Prof. Upham and others for disclosing to the wondering mind the processes that produced the fertile prairies we now enter upon with such haste of pre-emption. Where now the wheat fields are waving there was once a lake nearly a thousand miles long, and three times the area of Lake Superior. It was formed by the melting of the glaciers, which at a remote time covered the continent from the polar regions down to the Ohio and Missouri rivers and which by ages of planing of the earth's surface had ground up the rocks into soil. The glaciers held in the water on the north and as they slowly melted back they deposited the silt which now forms the base of the fertile soil. The shores of this vast fresh-water sea, known as Lake Agassiz, are clearly traced over the prairie region. It existed a thousand years and during that millennium strained out its accumulations, leaving the "top dressing" which remained after the great lake drained away into Hudson Bay. The era of subsequent vegetation completed the preparation of the garden. Thus by some profound change affecting the movement or conditions of the whole earth for thousands of years was the Canadian prairies made ready for the present generation. Can we with the sense of this stupendous prevision and provision treat this estate as if the accumulation of dollars for a single life had been the express purpose of these ages of preparation? While millions of China and India are periodically pinched with starvation can we consider such aims a service to the human race?

#### THE REAL PROBLEM OF THE WEST.

The people of the Canadian east should not fail of sympathy with the west, for true sympathy is the main-spring of co-operation and co-ordination of forces. All

reasonable claims of the west should be met, but it is beginning to dawn on us that, so far as the economics of this country are concerned, the chief problem is not that of trade relations with the United States but the control of the transportation systems. In the past both parties have, in their plans of uniting east and west, created corporations such as railways, telephone and express companies, with functions which in modern times are being recognized as subject to public control, but we have endowed these private corporations with powers which enable them to dominate parliament. Now, the people's communications by railway, telephone and telegraph are of the same essential nature as their communications by post. The post office once was a private monopoly in Europe, but no state in the world would now think of handing its postal service back to a private corporation. If it is important that our personal communications by letter should be under the safe authority of a government, how much more important it is to have our bodies and goods transported under the same responsible authority. If communications by letter should have the seal of privacy through the post office is it not just as important that correspondence by voice over the long distance phone should have the same guard and covenant of safety? If we look at things in their true nature and are not misled by our traditions and habits we will see that all these public services are essentially of the same character. We need not blame the governments of the past for failing to see the ultimate effect of their policy but when we realize, as we are now beginning to do, that we have called into being corporations whose growing financial and political influence enables them to ignore the will of the people, we are confronted with the alternative of resigning the right of self-government or extending the sphere of government control. That or we will find we have created a Frankenstein with power to destroy us. What difference exists between the east and west to-day really arises out of the railway problem. It was the excessive cost of getting their purchases in and shipping their products out which gave rise to the discontent in the west. To distract the attention of the people to the questionable relief of reciprocity may suit the opponents of reform so long as this will leave the corporations to continue the Roman system of levying tribute in excessive rates. It might relieve our railway rulers to see the question degenerate into a wrangle



between the grain raisers and the manufacturers as to the exactions of the tariff or the greed and ingratitude of farmers. While grain raisers and manufacturers are kept so busy throwing dust in each other's eyes they will not have time to estimate the ruinous toll which the railway takes out of both. The eastern manufacturer and merchant, however, must soon see that if freight rates can be reduced the western consumer will find less contrast between the price of Canadian goods and United States goods in the market; and the western farmer will reflect that if he can lower the cost of shipping his products out he will raise the value of his grain at his own door, and this without qualification or deduction, or any regard to the state of the market. One cent a bushel off the cost of shipping grain from the prairies means one million dollars in the pockets of western farmers, on a crop of only a hundred million bushels.

We shall be told that the high cost of operating, etc., in the west makes this impossible, but if this is so why are western United States roads able to carry goods at from one-quarter to one-half less than the Canadian roads in the west for like distances, and why are eighteen United States railway lines ready to strike connections with the Canadian west if present rates are as low as possible? The mere statement of these two questions convey their own answer.

#### CONTROL OF TRANSPORTATION.

In all that has so far been done since confederation and the building of our first transcontinental railway, the great economic problem on which the advance of the west depends, namely, the control of rates, has been left untouched. If at least one transcontinental line had been built and owned by the government, the key of the situation would have been to-day in the hands of the people. As planned under the present policy Canada will have paid out \$200,000,000 for a new transcontinental road which the country will not own and whose transportation rates it does not control, and as Portland is the ocean terminus of the G. T. R. it is only a question of time when the agreement with the government to carry freight to Canadian seaports by this route will be broken. Even the Hudson Bay railway will afford no relief to the people of the West for it is manifest that the mere giving of running rights to the

existing railways over that line will bring the people no nearer than they are now to the fulfilment of their desire in having the road built, namely, the reduction of the cost of carriage between the producer of the West and the merchant and manufacturer of the East or across the seas. The mere giving of running rights to companies which fix their own rates is rather an aggravation of the grievance of the West than a solution of the transportation problem.

No reasonable person would wish to disparage the enterprise, and in general the public spirit, of individuals connected with the railways, and certainly no fair-minded person would wish to confiscate a company's property, but railways exist to serve the people, not to dominate the affairs of a nation. That the present rates are grossly excessive is shown in the most detailed manner by a series of valuable articles that have been appearing in the *Manitoba Free Press* of Winnipeg, and in some journals in the East. It is there shown in the fullest detail that for the same commodities and distances the rates in the Canadian West are sometimes over twice as high as those in the American West; though there are one or two points such as the head of Lake Superior where the rates are a shade cheaper than in the States. These exceptions do not alter the main situation, and this discrimination applies to express and telegraph rates as well.

As it is a question whether privately owned public-service corporations will ever recognize to the full their obligations to the public they are created to serve it would seem the best course to expropriate them gradually as other countries have done. When passengers can be carried at a penny a mile throughout Australia; when a man can travel in the government owned railways of Belgium a whole week and for the whole twenty-four hours of each day of that week at a total cost of \$4 third class, and \$8 first class; and when Austria has enormously reduced the cost of transportation and at the same time notably increased the efficiency of its service by taking over most of the railways of that empire, there need be no fear of disaster in such a policy. *The Toronto World*, which has rendered great service in this field of reform, observes that "the Japanese government, wiser in this than some European and American governments, always retained a measure of control of railways and this allowed the purchase of the roads in 1907 to be carried out more easily than in western countries. Fair terms were made, but nothing was paid in

respect either of watered stock or promoters' profits." The owners of the Japanese roads, says *Engineering*, were given five per cent. bonds for their interests, but these bonds may be retired and four per cent. bonds substituted therefor. After the nationalization the receipts increased by leaps and bounds, as the result of the increase in the running mileage, the total receipts for the year immediately following the nationalization having reached 80,000,000 yen (about \$40,000,000)."

By government ownership of railways the needs of the new West can be served in a way impossible by private ownership. Under the competitive impulses of private ownership new roads are planned to towns where traffic already exists in volume, and this is done not to give these communities cheaper rates but to tap the traffic where profits are greatest. Under government ownership the roads of the West would be truly colonization enterprises planned to give the West equal and most widely distributed facilities. Note in this connection what is now happening between Montreal and Toronto, where a third competing line is being built without any reduction in rates, though connecting up a number of towns in common. It is not too late yet to take over the Grand Trunk Pacific and to finish it and control it as a government road. If this is not done the Intercolonial could be extended to make a fourth trans-continental line owned and operated by the government as a regulator of rates. This would insure—what has never yet been attained in the history of Canadian railway promotion—the shipping of Canadian products entirely from Canadian seaports. In the meantime we should not only finish the Hudson Bay line under government ownership and operation but provide further facilities for the cheapening of transportation to and from the great West by the immediate construction, as a government work, of the Georgian Bay Canal, the use of which, being in interior waters, would be reserved forever to the people of Canada and not shared by any other country. Apart from the cheapening of grain transportation and of imports consumed by the West, the fact that water power to the extent of one million horse power (which, at only \$10 per horse power per annum would bring an annual revenue of \$10,000,000) would, of itself, justify the construction and government ownership of the canal. To have it privately owned, as now proposed, would remove its benefits out of reach of the people. The express business of the country

should be taken over by the government, as the great profits of that business, if added as the parcels service of the post office, where it naturally belongs, as in many other countries, would enable the government to maintain in better condition the mail service which is now being starved through the poor salaries paid to the railway mail clerks and other rank and file employes, both in this country and the United States.

#### REORGANIZATION.

There should be a reorganization of the administrative functions. The Minister of Railways and Canals would be better named as Minister of Transportation and have charge of shipping transportation matters as well as railways, because the two have become strongly allied and in some cases identical in control. In these times no world's trade route can begin and end in a single continent; the sea must be bridged to connect with other continents.

Matters relating to the transmission of intelligence as apart from traffic, such as the mail service, the telephone, telegraph (wire and wireless), cable and express, should all be a government monopoly, not a private monopoly, and could be placed in charge of a new department under some such name as the Minister of Communications. This will have to be done some time and the longer it is delayed the more it will cost. The change can be financed by the conversion process as in other countries, and it would give the citizens a new and personal interest in the economy of their government if the small savings of the people were invested in these securities. That it will pay both people and government should be clear when we learn from the investigations that have recently been held what enormous profits express companies have made in the United States and Canada and that the surplus of the British postal service, derived largely from parcels and telegraph receipts, to the extent of millions sterling, is annually diverted—to what purpose, can the reader guess?—to the navy. (See speeches of Henniker Heaton.)

#### THE NAVAL QUESTION.

The new naval policy of Canada contains a germ of grave danger—not a war danger, but a peace danger. Upon first thought there might not seem to be more than a difference in form between the policy which proposes to build a navy in Canada and that which proposes to make a con-

tribution to the Imperial Navy. To understand the difference we must glance at the recent history of the United States, especially as the naval question is historically related to the reciprocity question. The old treaty of 1854-66 (the history of which the writer gave in a recent pamphlet) was hailed, like the present one, as an instrument which would secure lasting harmony between the two countries. But from the beginning of the treaty to the close there were perpetual charges of breach of faith brought by the sectional interests affected. As explained more fully in that pamphlet the Canadian Government, from the necessity of raising money to pay the new canal and railway debts, was compelled to raise its tariff, and after these increases the Canadian duties were still much below those of the United States, as they are lower to-day. On the other side the civil war left a huge debt which the United States Government decided to pay off by increasing the tariff and so the reciprocity treaty came to an end.

If the proposed treaty were put into force the old cause of friction from class interests would be revived, and if the logical outcome of "commercial union" were not agreed to by Canada the present good relationship would be endangered. We know by analogy that two next-door neighbors who spend half their time in each other's yards are not likely to retain each other's respect as if they attended to their own households while showing good will to one another on the opportunity offered. The trade gains which have followed the commercial unionization of the Philippine Islands certainly hold out a dazzling temptation to bring about a similar commercial union with Canada. The peril of the situation is that the degree to which the political leaders of the United States have become chronically inebriated by the spirit of commercialism can only be likened to the condition of Rome before its fall.

There is a coincidence in the treaty with Spain and the one with Canada in that in neither case is there a provision for terminating the compact. The old treaty of 1854 provided for a notice of abrogation, and once this notice was given by either party the treaty would come to an end without discussion. The absence of this provision will open the way to questions as to the adequacy of the warning and if a contentious administration happened to be in power, and chose to play the part of the wolf up-street in the fable, this or any other objection could be raised and in the interval of negotiation lobby influence in either

of the legislative halls could begin its corrupting work and hamper the country which sought release. In one case the notice of abrogation would end the controversy, in the other case when the notice was given contention would only begin.

### GREED AND WAR.

But mark how the insatiable greed for gain, when it masters a nation, leads logically to war. The parting advice of George Washington, that the United States should keep clear of foreign entanglements, was faithfully followed by that country in spite of strong temptations down to 1898. In that year of decision the first departure from Washington's counsel was made in the annexation of the Hawaiian Islands to the United States, and no Canadian statesman could have foreseen that in that selfsame year the nation which had resisted for a century every temptation to foreign aggression would have obtained and held possession of a vast island in Asia and four islands in different parts of the world by conquest of arms. The cooler heads in the United States could hardly believe the evidence of their senses when they saw their leaders suddenly carried away by this new lust for foreign dominion, and they have not yet ceased to raise protests against the aggressive imperialism that wrecked the republics of old. Those who think that Sir John Macdonald would to-day have favored the limited reciprocity treaty he then proposed should remember that Sir John died in 1891, at which date there was not a sign in the sky of such a national transformation as the United States afterwards underwent. These two treaties were, perhaps, the dormant seeds of the expansionist policy which burst so suddenly into full bloom in 1898. At all events, in 1876, a treaty of reciprocity was made with Hawaii. Almost the sole product of those islands, for export, was sugar. The sugar tariff in the United States was a complicated affair and it is not necessary to go into its details further than to say that it was so unfair to the domestic sugar interests that the sugar kings in sheer self-defence had to buy up the plantations in Hawaii in order to control the situation. Then the white residents and agents of the planters engineered a revolution which deposed the Queen and placed an American named Bole at the head of affairs, and Mr.

Bole handed the country over to the United States. Cleveland, who was then President, regarded the property as stolen goods and declined the offer, which, however, was accepted by President McKinley and his party, and the sugar trust recovered its loss by the annexation of the islands.

In 1891 the United States entered into another reciprocity arrangement with Spain in behalf of Cuba and Porto Rico, and sugar again formed an important subject of trade and the agreement had the same political result. So far as the people of the United States were concerned their motives were generally disinterested and were based on moral sympathy with the Cubans, but at the back of the negotiation selfish interests were playing upon the strings which evoked those sympathies. From the tidal wave of travel and agents who invaded the islands after the convention came the back-wash of tales of Spanish cruelty which excited United States public opinion, and brought on the war. It should be noted that this arrangement with Spain was an "agreement," not a "treaty."

The direct result of these adventures, which mocked the wisdom of the founders of the republic, was that the United States was committed by force of new relations to its new policy of naval expansion. It is not easy to appreciate what is now happening around us. Within ten years the naval and military expenditure of the United States has doubled and that nation pays out over \$200,000,000 per annum, or two-thirds of its total income, upon armaments and on pensions arising out of wars in recent years. Since the war with Spain the United States has spent \$2,192,000,000 on war preparations, and when President Taft is talking of peace his country's naval appropriations for the current year are greater than ever.

#### WARSHIPS ON THE LAKES.

It is a fact of uncomfortable interest to many in Canada that while the Rush-Bagot agreement is unannulled there are now ten vessels on the United States side of the Great Lakes capable of use for war purposes. The Rush-Bagot agreement, signed in 1817 between Great Britain and the United States, provided that each nation should limit the number of war vessels on the Great Lakes to four, the size of each vessel to be not more than one hundred tons, and the armament not more than one eighteen-pound gun each.

Canada has no naval militia in training on the Lakes, and her only armed boats are the revenue cutters, used purely for fisheries protection purposes. On the United States side of the Lakes there has been created a considerable fleet in recent years in violation of this agreement. Of the several vessels used for naval militia training purposes, the smallest exceeds in tonnage the limit fixed by the Rush-Bagot Agreement. Two of these vessels are thirteen times the tonnage agreed upon, and have batteries of from fifty to a hundred times the offensive power of the old eighteen-pounders. These vessels are ten in number, have a total of over 8,000 tons, 759 officers and men, and 70 guns, most of which are modern rapid-fire guns. It is assumed that the only service intended in actual war for these vessels would be on salt water, but if so, then the proper place for their training is upon salt water where they are to be used. If the United States were to engage in a war with any other country than Great Britain, Canada would be violating the spirit of neutrality laws by permitting these vessels to use Canadian waters in getting to the sea. It does not lessen the feeling of uneasiness to be told that these training ships do not belong to the regular navy, but are only training ships paid by the States along the lakes. This is a sleight-of-hand. The State is a part of the Union. If not, what was settled by the civil war, which was undertaken to decide the sovereignty of the Union, and in denial of the right of the South to secede? If the United States embarked in war the State naval militia would of course be called on as the State land forces are. It is only fair to say that the mass of the people of the United States are not aware of these things.

#### NAVALOMANIA.

We now come to the point where this disease of navalomania is going to affect Canada. No doubt the more enlightened opinion of the United States, as well as of Great Britain, Germany and other nations, would fain withdraw from a course which has handicapped the industrial progress of each country and threatened it with perils which their wisest men dread but cannot define or forecast, but they are confronted with the practical difficulties raised by their own creation of those vested interests that are bound up with war and are incapable of serving the peaceful development of the country. A modern naval pro-



gramme involves the creation of special dry docks, engineering establishments, armor plate rolling mills, steel forges, naval ordnance equipment, contractors' plant, supplies for contractors and a legion of tributary works whose output represents a capital outlay of hundreds of millions as absolutely wasteful and wicked as the liquor traffic or any other demoralizing employment. Six of the leading British armament companies have themselves a capital of \$137,500,000. On this subject a British correspondent of the *New York Evening Post* says: "A poor Englishman who makes ploughs would be laughed at if he invoked the love of country as a reason why we should give him more orders, but a millionaire who makes armor plating shamelessly appeals to the patriotism of the people for whom he caters; gets newspapers to denounce as traitors, idealists or madmen those who try to stop the growth of armament and gets an increasingly large section of the working classes into his net by employment at large wages."

#### THE DANGER TO CANADA.

Do we not see the danger confronting Canada if we create out of whole cloth great vested interests which will live and thrive upon the war spirit and which will weigh down the wage-earning community of our future nation with an increasing burden of wasteful expenditure? When one is met with the relentless logic of such a work as Norman Angell's "Great Illusion," one cannot fail to see that the interdependence of the financial and commercial interests of the world is bringing to a nearer realization the time predicted by the Prophets of old, when war shall be no more. It may be that another great conflict is due, but if so it will be accompanied with such a tempest of rebellion by the masses that wars thereafter shall be a practical impossibility. The very belief in the futility of war will help to do away with war, and Canada, which has until recent years maintained an almost stainless record in this respect, should do her utmost to discountenance the movements which tend to war. Canada is committed in this very year by the existing policy to an expenditure in round numbers of \$22,280,000, or practically twenty per cent. of the entire income of the country, for naval and military purposes, and yet the voters have not been consulted before embarking in this policy, the awful significance of which to the coming generation few of us realize. If Canada

spent one-fourth of this sum in organizing deputations of agriculturists, of scientific men, of educationists, of students of political economy and all of the various other interests of peaceful progress to visit Germany, France, Denmark, Belgium, Holland and other countries, to enter into closer communion with the people of these nations for the mutual increase of goodwill and for the increase of mutual knowledge, more could be accomplished for international peace than all these preparations for war. Such propaganda of practical peace would bring back a real return to this country in increased intercourse, enlarged trade and in immigration of the kind we are seeking, rather than the indiscriminate invasion to which we are now subjected—an invasion which is certain to create grave perils in the near future.

This does not mean that Canada should stand aloof while danger threatens the Empire. In fact we cannot remain neutral and belong to the Empire. When war comes we may show the white flag, but we cannot hide the country under a barn, and we may be sure the white flag would not be respected when hoisted by a people who showed the red flag the day before the war. Canada, as an alternative, might seek the shadow of the Monroe doctrine—in that case in the shadow she would remain. This much seems certain—the power which could destroy the navy of Britain would not remain in dread of the navy of Canada.

The sea belongs to the world and its defence, therefore, if any defence is needed, is an international fleet, part of whose mission should be police work and for the relief of distressed vessels or distresses on distant coasts. Canada's war policy could well be limited to the defence of her own soil by her own people. There is no one so blind that he cannot see a danger to the world in the increase of naval armaments. Then why should Canada contribute an extra brand to the materials of this conflagration? Would it not be braver to take some risk to remove the lighted fuse?

Let us not be deceived: even united Anglo-Saxondom cannot "impose" peace on the world. Peace is the logical outcome of good-will, not of physical force. Brute force is a steadily diminishing power in international relationships, and co-operation is taking its place. Canada will achieve a unique distinction among the nations if, discarding the weapons that have brought so much misery into the world, she determines not to be overcome of evil but to overcome

evil with good. And who shall say that the voice of the French-Canadians of Drummond as openly pronounced against a policy of naval adventure is not in harmony with the unspoken conviction of the majority of Canadians of the provinces? The time will surely come when it will be confessed that the people of Quebec are the sanest in the Dominion on this question, and happy shall we be if we do not misinterpret the motives of our French fellow-citizen by imputing a lack of courage where there is only an aversion to bloodshed. Is there not something out of tune when we appoint a day of annual thanksgiving to the God who has blessed our land with peace and plenty, and then devote the day to sham battles and military display?

#### MONEY PERIL IN LEGISLATION.

There are grievous wrongs in the affairs of Canada as well as the United States, and many of these wrongs arise from the inordinate love of money and its corrupt use in influencing legislation. There are injurious combinations of capital that have been allowed to develop in Canada in recent years; but does not this call for a manly demand for internal reform, rather than an abject resignation of our self-control by calling in outside aid? If we have a ten-million-dollar trust at home, where we have the power to legislate, will we get relief by inviting a myriad of wealthier ones from a country over whose legislation we have no control? We ought to sympathize with the difficulties of the people of the United States, but will we make their case easier by sheltering their oppressors? To make a common tariff while maintaining separate jurisdiction of courts will, in the opinion of competent authorities, afford a good chance for these combinations to carry on their work in the United States by seeking the protection of Canadian law—another illustration of the possibility that the entanglement of the fiscal system of the two countries may lead to other entanglements.

The evil of the trust and merger does not consist in combining to secure economy and greater efficiency in the conduct of business, but in the watering of stocks. But have we legislated to prevent stock watering? Have we not seen the seal of official commendation set upon these stock waterers by the elevation of some of them to seats in the Senate and by high official honors to others?

## BRITISH PREFERENCE.

Regarding the tariff relationship there is nothing Canada wants from the United States which she cannot get by lowering her own tariff, and there is nothing the United States wants from Canada which it cannot obtain by the same method. The actual needs of each country should regulate its tariff policy without putting itself under a mortgage to the other. As for British preference, it was a generous idea, but in its present shape it is not a business proposition. What did Great Britain do when she repealed the corn laws? Did she not abolish the "preferences" that then existed with the colonies? It was the abrogation of these preferences that drove the British American provinces to seek the "preferences" in the United States market which had been cut off in the British and which if they had been extended to their logical conclusion of commercial union, would have made this country part of the United States system to-day. Economically speaking, preference is another term for tariff discrimination and like the word "reciprocity" does not correctly describe itself. Both words mislead people by suggesting a moral quality which is not there. When we give a tariff preference we are apt to imagine that by this act we are making a contribution to the British nation, whereas we are only making a special discount to a few Yorkshire woollen manufacturers, a few Sheffield cutlery manufacturers and a few more manufacturers in Birmingham and other spots, which discount we deny to the equally meritorious manufacturers in Germany, France and other countries. Of what benefit is the present Canadian preference to the British flour miller or manufacturer of cheap furniture who can sell no goods in Canada, or if the preference is regarded from the Canadian side, what does the Canadian flour miller or furniture manufacturer, who is subject to no British competition, contribute to this form of Imperial subsidy? The man who has something of much value to sell and of little value to buy can easily persuade himself that the British preference is a great move for the unity of the race, or that reciprocity with the U. S. is a long reach towards the millennium; but time will show that moral unity is on a false bottom when based on trade advantages, and much more unsafe when based on trade discrimination. Trade has no moral quality in itself. It might, however, be possible to de-

wise an imperial tariff by inverting the present preferential plan. That is to take the lowest tariff as the basic general tariff, then to apply a higher tariff as a surtax, the extra receipts from which would form a common defence fund, partly military and partly economic, with a third scale of higher duties to be applied to nations whose designs were inimical to the common welfare of the world. There is no reason why the U. S., or any other nation should be excluded from the benefits of this Zollverein.

On two such problems as the trade agreement and the naval question, both involving profound changes in the external relations of Canada, it would have been wise and in accord with the spirit of representative government, to ascertain the will of the country before entering on any negotiations. This course was not pursued, and the result shows how one first false step may involve the erring one in subsequent and more serious missteps in trying to justify the first error. Having negotiated the agreements before considering that under the "favored nation treaties" two other countries would be entitled to the same advantages as Canada gives to the United States, the Government at the Imperial Conference of this year demands that these treaties may be denounced in order that the United States agreement may be carried out. The denunciation of these treaties means that Canada adopts the narrow and illiberal interpretation traditionally put upon these treaties by the United States and breaks away from the British conception. By such an adventure the last great prop in the free-and-fair international trade policy of Great Britain would be knocked from under the Mother Country at the instance, not of a foreign country, but of a daughter nation. Can anyone doubt that the position of Great Britain in maintaining her interpretation of the favored nation theory would be weakened if a foreign nation, when discussing the extension of these treaties, could quote the example of the leading British Dominion as aligning itself with the selfish and illiberal American construction which recognizes no community of interest among nations at large?

#### THE LIGHT OF CANADIAN HISTORY.

It was not a mere accident that brought civilization to the northern half of this continent through the hardy French pioneers who scattered memorials of their adventurous

spirit like strings of beads from Grand Pré to Vancouver. It was destiny, not a dead tide, which landed shiploads of settlers from the dike lands of the Charente at the precise spots along the Bay of Fundy, where the marsh lands of Cumberland and Kings invited them to resume their old life in a new world. When the administration of the St. Lawrence Valley passed to British hands the generosity of the victor, which respected the customs and language of the French settlers, was repaid in the loyalty that united both in their determination to maintain their local independence when assailed by the American revolutionists. And when we remember that these sturdy French pioneers joined themselves to the United Empire Loyalists, who sacrificed all their earthly possessions and left their comfortable homes in the United States for the forests of Canada to face legions of privations out of pure devotion to their King and nation, we cannot believe that within the third or fourth generation these ideals are completely lost in the pernicious lust for wealth. Those who were born in Canada, and not less those who came yesterday to make this land their home, should remember that, with one sad exception, the only wars Canadians have fought have been in defense of their own soil. Who can read the story of the War of 1812-15, in which the scattered British-Canadian and French-Canadian settlers defended themselves against a nation of twelve times their numbers, and not recognize in the special providences of those battles a Hand that was leading them into a separate national existence? The abrogation of the reciprocity treaty of 1854-66, which cut them adrift from the Republic and locked the provinces in each other's arms to form the new Dominion, may be taken as the consecration of this separate career. If reciprocity had been continued Canada would probably be to-day as one of the German states in an American zollverein.

The circumstances which prevented the Fenian raid from becoming a national raid upon Canada, and which a little later saved Manitoba from the plot that would have severed it from the rest of the Dominion, were surely not mere fortuitous happenings of history. All this marvellous chain, of which the few events here cited are links, could not have been forged in the hammer of time if Canada had not been reserved for a special and separate destiny.

This separation does not mean antagonism to the

people of the United States. Rather it means that Canada's high mission should be to reunite the divided Anglo-Saxon peoples, and what is still more important for the world, to reconcile other nations with these, and she can best fulfil these great purposes by the exercise of her unfettered will, not by the extinction of her own identity. To kneecap the fiscal or political independence of Canada would only cripple this power for good.

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### POSTSCRIPT.

The prophet Nahum addresses the same words to America as to Nineveh: "Thou hast multiplied thy merchants above the stars of Heaven." And Gosse sums up the result in a single sentence: "The wealth and productions of the world were poured into her, and became the fruitful source of her luxury, her pride and her ruin. Nineveh's doom is our danger."

Has Rome no lesson to hand down to Canada and the United States? Says Prof. Davis, in the "Influence of Wealth in Imperial Rome": "So the barbarians at length destroyed a society that was slowly destroying itself. The uprooting of the small farmers, bad systems of tillage, the excessive desire for wealth without regard to methods or to duty towards posterity, the desire to avoid the cares and expenses of child-rearing and downright sensuality were accomplishing their perfect work. The economic evil was at the bottom. First Italy, then a vast Empire, devoted itself for centuries to a feverish effort for getting money by any means, and to spending that money on selfish enjoyments. . . . It taught its prosaic commercialism to all its provinces. Its citizens served Mammon in the place of God with more than usual consistency. The power they worshipped carried them a certain way—then delivered them over to their own rottenness, and to the resistless enemy. Their fall was great, and the lesson of this fall lies patent to the twentieth century."

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