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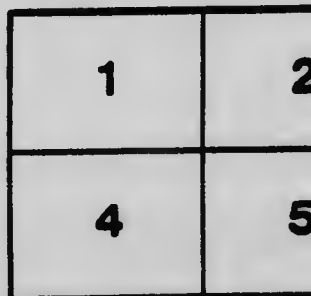
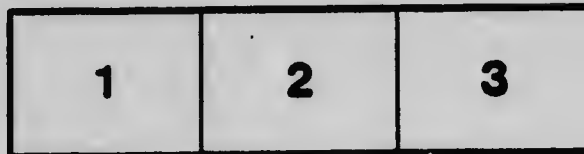
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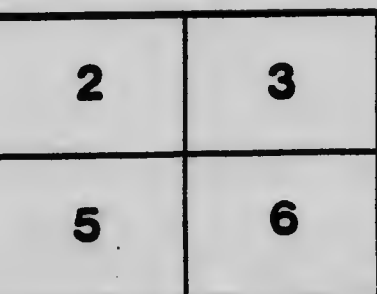
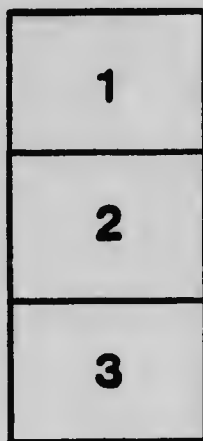
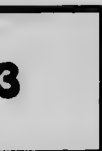
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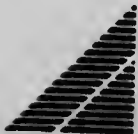
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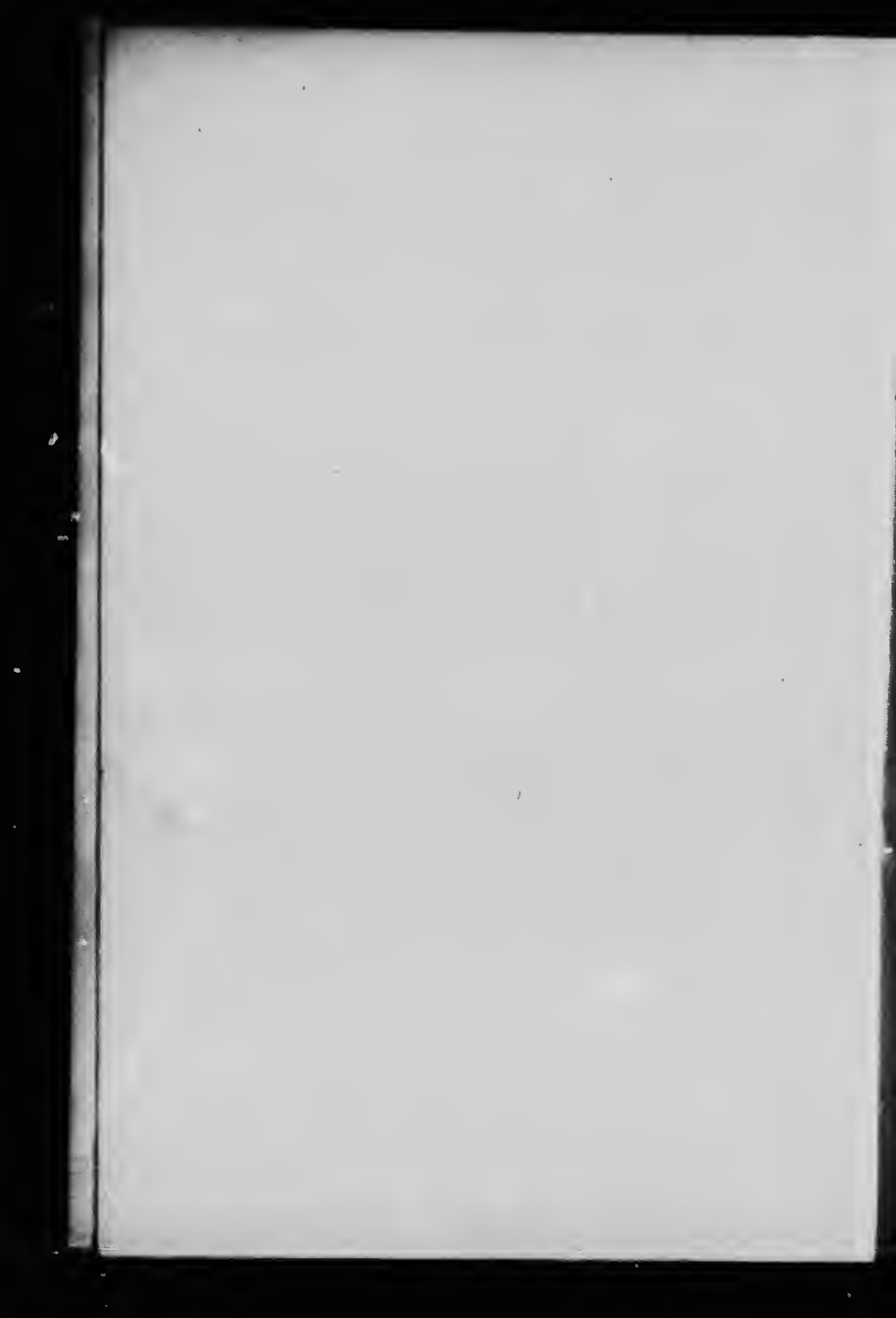
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**Protection and Prices**  
..AND THE..  
**Farmers' Home Market**



BY  
**WATSON GRIFFIN**



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**EXPLANATORY NOTE—THIRD EDITION**

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**MOST OF THE ARTICLES BOUND UP IN THIS VOLUME WERE PUBLISHED IN "INDUSTRIAL CANADA" DURING THE YEARS 1903 AND 1904. THEY REFER TO THE CONDITIONS EXISTING IN CANADA DURING THAT PERIOD. IN THE ARTICLES REGARDING TRADE RELATIONS BETWEEN CANADA AND THE UNITED STATES, THE STATISTICS FOR THE FISCAL YEAR 1904 ARE GIVEN IN THIS EDITION. IN THE PREVIOUS EDITIONS THE POPULATION OF CANADA WAS ESTIMATED TO BE IN ROUND NUMBERS SIX MILLIONS AND THAT OF THE UNITED STATES EIGHTY MILLIONS. IN THIS EDITION THE OFFICIAL ESTIMATES OF THE BUREAU OF STATISTICS AT WASHINGTON AND THE DOMINION STATISTICIAN ARE ACCEPTED, MAKING THE POPULATION OF THE UNITED STATES 81,752,000, AND THE POPULATION OF CANADA 5,604,328 ON THE 30TH JUNE, 1904. THE ILLUSTRATIONS WERE DRAWN BY MR. SAMUEL HUNTER.**

## PROTECTION AND PRICES

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

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

The managing director of one of the Nova Scotia coal companies said a few years ago that the machinery in the mines



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

A great many factors have to be taken into consideration in estimating the cost of production. First of all there is the interest on the capital invested in land, buildings

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

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

It is true that a large importation of foreign goods during a period of depression may temporarily cause a reduction in prices to the consumer, but the experience of both the United States and Canada under low tariffs proves that when the home factories

are closed down as a result of foreign competition the foreign manufacturers usually raise the price so that the consumers get no benefit.

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

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

Free traders always assume that under a protective system the whole duty is added to the price, and that thus the consumer always pays the duty. If the protectionists

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

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

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

If an article is not produced in the country whatever duty is imposed is usually added to the price. If the tariff is not high enough to cause the establishment of home industries the whole of the duties will continue to be added to the price; if the

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

But if the tariff is too low to afford adequate protection to home industries, there is not sufficient home production to bring down the price, and then the whole duty must be paid by the consumer. So prices are often higher under a low customs tariff than under a high tariff. With low protection the competition comes from

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

In the year 1887 Mr. A. Williamson challenged the Cobden Club to issue a short circular to the leading British exporters asking them whether in exporting goods to the United States the taxation was paid by the British manufacturer or the consumer in the United States. The Cobden Club did not accept the challenge, but Mr. Williamson sent a circular to a large number of representative exporters of the chief manufacturing centres, embracing cotton, woollen, carpet, iron and steel, brass, gold, silver, electro-plate, hardware, guns, cycles, engineering, glass, indiarubber, leather, beer and other industries. Out of 531 replies, 530 admitted that to a great-

er or less extent the United States tariff taxation fell upon them instead of upon the consumers in the United States because they had to reduce their prices to meet the prices of the protected American manufacturers.

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

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

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

The tariff of 1842 made the minimum duties on cotton fabrics six cents per square yard on plain and nine cents per square yard on printed or colored cottons. These duties were equal to about one hundred per cent. on the importer's valuation of their goods. A few months after the adoption of that tariff, Mr. Horace Greely,



editor of the *New York Tribune*, made an enquiry as to the prices of cotton fabrics in Lowell, Mass., the principal cotton manufacturing centre of the United States at that time, and published in his paper the prices for the three months before and the three months after the new tariff was imposed. The prices were as follows

**Average Prices of Lowell Cotton  
Fabrics per Yard**

|                              | In May, June<br>and July, 1842. | In Sept., Oct.<br>and Nov., 1842. |
|------------------------------|---------------------------------|-----------------------------------|
| Drillings . . . . .          | 7¾ cts.                         | 7 cts.                            |
| Shirtings, common . . . . .  | 5¼ "                            | 5 "                               |
| Shirtings, heavy . . . . .   | 6¼ "                            | 5¾ "                              |
| Sheetings, common . . . . .  | 6¾ "                            | 6 "                               |
| Sheetings, wide . . . . .    | 8½ "                            | 7¾ "                              |
| Flannel's (cotton) . . . . . | 10 "                            | 8½ "                              |

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

A large volume could be filled with similar illustrations of the fact that a protective duty is not usually added to the price except temporarily, but it will not do to weary readers with too many figures.

One of the fundamental principles of protectionists is that things which cannot

be produced within a country should be admitted free of duty as far as the necessities of revenue will permit. The traders, on the other hand, always select this class of articles as the most suitable for customs duties. Thus during the calendar year 1904 the free trade British Government collected on tea, coffee, chicory, and cocoa alone, duties amounting to £8,424,264, that is about \$41,000,000. Quite a large revenue was also obtained by the British Government from duties on dried fruits, such as figs, prunes, raisins and currants. When there is a duty on articles that cannot be produced in the country it is not for the purpose of protection, but as a means of raising revenue. The nearer we approach to the British system of free trade the more of such revenue taxes we will have.

Any woman who wants tea, coffee, cocoa, chocolate, raisins, currants, figs, oranges, lemons, bananas, prunes, dates and other fruits which cannot be grown in Canada to come in free of duty, should urge her husband to vote for protection. These would be just the kind of articles our rulers would select for high taxes if we had free trade or a tariff-for-revenue only. Protectionists aim to get rid of all such taxes on things which cannot be grown in the country.

## DO FREE TRADE COUNTRIES DUMP?

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**W**HATEVER may be said about the imperfections of the Dumping Clause of the Canadian Customs Act it is a matter for gratification that in adopting it the Government admitted the contention of protectionists that customs duties are often paid by the exporter instead of by the importer, and this has now been accepted as a fact by nearly all the politicians and newspapers of Canada of both political parties.

Speaking in reference to the Dumping Clause in the House of Commons on June 14, 1904, Sir Wilfrid Laurier said:

"A few months ago I was shown an invoice from Detroit in which an article was set down at a certain price for the American consumer, and at another price, *at least 30 per cent. below for the Canadian consumer.* This is the regular practice, and I know there are business men in this House who are aware that this is the regular practice."

This admission completely undermines the rock on which freetraders and advocates of a tariff-for-revenue only have stood for generations. The basis of the free trade faith has been a firm belief that

protective duties were always added to the price which the consumer had to pay. Some of our politicians still contend that low tariff countries and free trade countries seldom dump, but a little investigation should satisfy them that they are mistaken.

Hon. Mr. Fielding, Minister of Finance, in his budget speech of 1904 said in reference to dumping:

"In low tariff countries or in free trade countries, Great Britain for example, these distributing conditions seldom exist. England conducts her business generally upon rational lines. She sells at a profit, and what is known as the system of dumping or slaughtering is hardly known in connection with British trade. . . . We find to-day that the high tariff countries have adopted that method of trade which has now come to be known as slaughtering or perhaps the word more frequently used is dumping; that is to say, that the trust or combine, having obtained command and control of its own market and finding that it will have a surplus of goods, sets out to obtain command of a neighboring market, and for the purpose of obtaining control of a neighboring market will put aside all reasonable considerations with regard to the cost or fair price of the goods; the only principle recognized is that the goods must be sold and the market obtained."

Those who have studied the history of United States tariff legislation dur-

ing the past fifty years, and read the discussions in Congress, must be aware that the manufacturers of free trade England have often slaughtered goods in the United States for the purpose of crushing out competition. Dumping is not a new thing under the sun, although the name is new. Some years ago a British Parliamentary Commission made a report on industrial matters which contained the following statement:

"The laboring classes generally in the manufacturing districts of this country, and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the *immense losses which their employers voluntarily incur in bad times in order to destroy foreign competition and to gain and keep possession of foreign markets.* . . . The large capitals of this country are the *great instruments of warfare* against the competing capital of foreign countries."

Is not this exactly what Mr. Fielding describes as "dumping?"

Nor is it merely in times of depression that British goods are sold for export to high tariff countries at lower prices than to home consumers.

The Legislative Committee of the Merchants' Association of New York, an or-

ganization controlled by importers, has repeatedly asked the United States Congress to amend the tariff law which requires customs officials to appraise merchandise at its regular market value in ordinary quantities in the principal markets of the country whence exported. They say that it is the regular practice in the United Kingdom and other countries of Europe at all times to sell at lower prices to American customers than to their home customers and that consequently it is not fair to fine importers for undervaluation when their invoices show lower prices than those prevailing in the countries from which they import their goods. They want the customs law so amended that goods can be entered at the price at which they "are regularly sold for export to the United States." Hon. Leslie M. Shaw, Secretary of the United States Treasury, in a letter to President Roosevelt referring to this demand of the importers says: "This is another way, and perhaps an easier way to secure a reduction of from 10 to 40 per cent in tariff duties. It is well known that every class of merchandise from all countries can be bought for export to the United States much cheaper than for home consumption. If there be any class of goods, or any country, where this rule

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does not apply, the Treasury Department has no knowledge thereof."

Of course, the request of the importers will not be granted.

HAS OUTGROWN IT



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





## MAKING AN IDOL OF CHEAPNESS

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

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

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

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

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

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

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

Suppose that for a period of five years a farmer gets on the average \$600 per year for the farm products he sells and pays out \$500 for what he buys, putting one hundred dollars in the bank each year, at the end of five years he will have saved \$500 dollars and accumulated interest. Then the tariff is raised and as a result of it a number of factories are started in the neighboring towns within a few miles of his farm, creating such a profitable home market for everything produced on the farm that its earning power is increased twenty-five per cent. At the same time prices in general go up and average ten per cent. higher for five years; the farmer gets twenty-five per cent. more for what he sells and pays ten per cent. more on the average for what he buys. His sales will then bring him \$750 per year, and his purchases will cost him \$550 per year, so that he will be able to save \$200 annually instead of \$100 as he did before, and at the end of five years he will have saved \$1,000 and accumulated interest instead of \$500 and interest as he did during the preceding five years. Under such circumstances the farmer will have no reason to complain of increased prices.

It may be asked if prices for farm pro-

ducts go up 25 per cent. why would prices in general not go up more than ten per cent. The increase in the farmer's profits would be largely due to the fact that a market near at hand is more profitable than a market far away. There is a saving in transportation charges on what the farmer sells as well as on what he buys when the factories are in towns within a few miles of the farm instead of being in a distant country. Moreover many classes of farm products deteriorate when shipped to distant markets and consequently bring lower prices. However, if prices in general increased 25 per cent. on the average the farmer's purchases would cost him \$625, while his sales would bring him \$750 per year, so that even then he would be able to save \$125 more during the five years than he could when prices were 25 per cent. lower.

But higher protection would not cause such a general rise in prices and consequently the advantage of the improved home market would be far greater to the farmer than would appear from these figures. No doubt the higher duties would in some cases cause a slight increase in prices of certain classes of manufactured goods for a short time,

until industries were established in Canada on a large scale, but the prices would soon come down as the result of home competition while the farmers would be permanently benefited by the increased consumption of farm products in Canadian towns and cities.

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## THE FARMERS' HOME MARKET

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**I**F the Canadian farmer could always get for his products the price that the distant consumer pays for them, he would soon grow rich. The difference between the price the farmer gets and the price the consumer pays is partly made up of transportation charges and partly of middlemen's profits. The farther the market is from the farm the greater the cost of transportation and the larger the number of middlemen there are to share the profits. If there were no home market the farmers would be at the mercy of the middlemen. Fortunately a very large proportion of Canadian farm products are consumed within the Dominion. Few farmers realize how large the home demand for farm products really is. The three most important crops of the Canadian West are wheat, oats and barley. The exact crop returns for the year 1904 have not yet been published. The official figures for 1902 and 1903 in Ontario, Manitoba and the Northwest Territories, as given in Government reports, were as follows:

**Wheat Production in Bushels**

|                    | 1902       | 1903       |
|--------------------|------------|------------|
| Ontario ... ..     | 26,081,693 | 21,893,470 |
| Manitoba ... ..    | 53,077,267 | 40,116,878 |
| Territories ... .. | 13,956,850 | 16,029,149 |
|                    | <hr/>      | <hr/>      |
| Total ... ..       | 93,115,810 | 78,029,497 |

**Bushels of Oats Produced**

|                    | 1902        | 1903        |
|--------------------|-------------|-------------|
| Ontario ... ..     | 106,431,439 | 110,228,103 |
| Manitoba ... ..    | 34,478,160  | 33,035,774  |
| Territories ... .. | 10,661,295  | 14,179,705  |
|                    | <hr/>       | <hr/>       |
| Total ... ..       | 151,570,894 | 157,443,582 |

**Bushels of Barley Produced**

|                    | 1902       | 1903       |
|--------------------|------------|------------|
| Ontario ... ..     | 21,890,602 | 24,378,817 |
| Manitoba ... ..    | 11,848,422 | 8,707,252  |
| Territories ... .. | 870,417    | 1,842,824  |
|                    | <hr/>      | <hr/>      |
| Total ... ..       | 34,609,441 | 34,928,893 |

Thus, for the two years, 1902 and 1903, there were grown in Ontario, Manitoba and the Northwest Territories 171,155,307 bushels of wheat 309,014,476 bushels of oats and 69,538,334 bushels of barley. There were also considerable quantities of grain produced in Quebec Province and small quantities in the Maritime Provinces, but as exact information regarding the grain crops of Quebec and the Maritime Provinces is not obtainable they are not included in this statement.



The fiscal year, beginning with the first of July, 1902, and ending with the 30th of June, 1903, is known as the fiscal year 1903. Consequently the crops produced during the calendar year 1902 would not be available for export until the fiscal year 1903, and the crop produced in the calendar year 1903 until the fiscal year 1904.

### Exports of Wheat

According to the Trade and Navigation Reports published by the Dominion Government, the total Canadian wheat exports to all countries for the fiscal year 1903 amounted to 32,985,745 bushels, and \$1,287,766 barrels of flour were exported; for the fiscal year 1904 the exports were 32,885,559 bushels of wheat and 1,587,949 barrels of flour. Assuming that it takes  $4\frac{1}{2}$  bushels of wheat to make a barrel of flour, the Canadian exports of wheat and flour for the fiscal years 1903 and 1904 would together require 68,812,021 bushels of wheat, but the quantity of wheat produced in Ontario, Manitoba and the Northwest Territories was, as already shown, 171,155,307 bushels in two years.

### Exports of Oats

The exports of oats from the whole of Canada amounted to 7,593,177 bushels in the fiscal year 1903, and to 4,695,475 bushels

in the fiscal year 1904, a total of 12,288,652 bushels of oats exported during the two years, while Ontario, Manitoba and the Northwest Territories produced 309,014,476 bushels of oats during the calendar years 1902 and 1903. It should be noted that 349,300 barrels of oatmeal were exported during the two years, but adding these exports of oatmeal to the exports of oats will not materially alter the total.

### Exports of Barley

The total exports of barley from Canada amounted to 947,012 bushels in the fiscal year 1903 and 1,057,470 bushels in the fiscal year 1904, a total of 2,004,482 bushels exported from all Canada for the two years, whereas the quantity of barley produced in Ontario, Manitoba and the Northwest Territories during the two calendar years was 69,538,334 bushels.

### Consumed in the Home Market

Thus we find that Ontario, Manitoba and the Northwest Territories produced about two and a half times as much wheat, about twenty-five times as much oats and about thirty-four times as much barley as the whole Dominion of Canada exported. What became of the balance of these crops? They were consumed in Canada. The home

market for these farm products was therefore of much greater value to our farmers than all other markets.

### **British Imports of Wheat, Oats and Barley**

The only outside country that can be regarded as a certain market for Canadian wheat is the United Kingdom. To that market all the wheat exporting countries of the world send their wheat. During the calendar year ending December 31, 1903, according to the British Government trade returns, the total imports of wheat into the United Kingdom amounted to 88,131,030 cwt., or 164,511,256 bushels, while the imports of flour amounted to 20,601,448 cwt., equivalent to 11,772,256 barrels of 196 pounds each. For the calendar year ending December 31, 1904, the quantity of wheat imported was 97,813,600 cwt., or 182,585,386 bushels, while the imports of flour amounted to 14,722,893 cwt., or 8,413,081 barrels of 196 pounds each. Allowing  $4\frac{1}{2}$  bushels of wheat to the barrel of flour the imports of wheat and flour for the calendar years 1903 and 1904 were equivalent to 437,930,658 bushels of wheat, an average of 218,965,329 bushels of wheat per annum. Now Ontario and the Canadian Northwest produced 171,155,307 bush-

els of wheat in two years, an average of 85,577,653 bushels of wheat per annum. Thus it would take only a little more than two and a half times as much wheat as Ontario and the Northwest now produce to supply the British market if no wheat were consumed in Canada and the British Government excluded imports of wheat from all other sources. During the two calendar years 1903 and 1904 the United Kingdom imported 120,306,338 bushels of barley and 87,249,904 bushels of oats, while Ontario, Manitoba and the Northwest Territories produced in two years 69,538,334 bushels of barley and 309,015,476 bushels of oats. That is Ontario and the Canadian Northwest together produced more than three times as much oats and nearly two-thirds as much barley as the United Kingdom imported from all countries.

### Our Future Wheat Production

The acreage devoted to wheat culture in the Canadian Northwest was 3,316,107 acres in 1903, as compared with 1,870,260 acres in the year 1900, an increase of over seventy-seven per cent. in three years. The homestead entries for the year ending June 30, 1903, numbered 31,002, as compared with 14,289 for the year ending June 30, 1902, and there is reason to believe that the

annual influx of settlers will steadily increase, as the people of the United States and Europe have just discovered the Canadian Northwest. It has been estimated that there are in our Northwest 200,000,000 acres of land capable of producing wheat. Professor Macoun, the eminent botanist, who has made a most careful study of the climate and soil of the whole Canadian Northwest, estimates that after deducting lakes, rivers, swamps and bad lands there are at least 150,000,000 acres of land suitable for growing the very finest grades of wheat, that is over forty-five times the area planted with wheat in 1903. With the same yield per acre as in 1902 that acreage would yield about 3,754,000,000 bushels of wheat, that is over eighteen times as much as Britain now imports. Taking into consideration the extraordinary development that is now going on in the Canadian Northwest and the rapid increase in the acreage devoted to wheat culture, it seems probable that in a very few years our Northwest will produce far more wheat than Britain now imports. As the United States has large quantities of wheat for export and there are a number of other wheat producing countries, there is danger that Canadian farmers may have a surplus of wheat on their hands unless the home

market is developed by the encouragement of manufacturing industries, giving employment to workmen and building up Canadian towns and cities that will consume farm products.

### The United States Home Market

The farmers of the United States during the calendar year 1903 produced 637,821,835 bushels of wheat and for the fiscal year ending June 30, 1904, the exports of United States wheat and flour were equivalent to 120,727,613 bushels of wheat while the quantity of wheat retained for domestic consumption was 517,094,222 bushels. For the same period the exports of maize or Indian corn and cornmeal from the United States were equivalent to 58,223,061 bushels of corn, four bushels of Indian corn being required to make a barrel of meal. But the total production of Indian corn in the United States amounted to 2,224,176,925 bushels, leaving 2,185,953,864 bushels of corn for home consumption. That is over thirty-eight times as much corn was consumed at home as was exported. Suppose that the United States had no home market and that those enormous quantities of wheat and corn were thrown on the world's markets, what would be the effect on prices? Wheat and corn would

be almost as cheap as they were in Ohio in 1823, before the adoption of the protective tariff, when forty bushels of wheat were given for a pair of boots. Fortunately the farmers of the United States were wise enough to support a policy of protection which built up manufacturing industries and created a home market while their wheat and corn areas were being developed.

#### **What Will We Do With Our Wheat?**

The Canadian West has more arable land than the Western States, but the climate is not favorable to Indian corn, so that the area devoted to wheat will be far greater than in the United States when our West is fully under cultivation. The wheat fields of the Canadian West will probably exceed the corn fields of the Western States in area and production in the not distant future. It will be impossible to market such immense quantities of wheat abroad, and unless the growth of population in our towns and cities keeps pace with the development of the farming areas, thus creating a home market for all the products of the farm, there is likely to be such a glut of farm products that the condition of Canadian farmers will be little better than that of the peasants of India or China.

The farmers are often told that the prices of everything they have to sell are fixed in the British market and that consequently the development of a home market is of no importance to them. But what would be the effect on British prices if five times the quantity of wheat now produced in Canada were dumped on the markets of the United Kingdom?

Is it not evident that unless manufacturing towns with large consuming populations grow up in Canada while the farm lands are being settled, making a home market for wheat, oats and barley, these crops will be unprofitable to our farmers. This being the case with crops so easily transported and so easily preserved in good condition as wheat, oats and barley it is evident that for perishable farm products such as fruits, vegetables, meats, poultry, eggs, butter, etc., the home market must be absolutely indispensable to our farmers.

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

It is only necessary to compare the market prices for farm produce in the large Canadian towns and cities with the prices



in small Canadian villages as near to the United Kingdom to see that prices do not depend altogether upon the British market.

### Our Cheese Exports

It may be said that when the wheat production of the Northwest becomes greatly in excess of the demand our farmers can turn their attention to dairying and make cheese for export. But in fact a very slight increase in the exports of Canadian cheese would be sufficient to overstock the British market. The total quantity of cheese imported into the United Kingdom during the calendar year 1903 was, according to British Government trade returns 301,768,096 pounds, and Canada alone during the fiscal year 1903 exported 229,099,925 pounds of cheese, of which 228,394,482 pounds went to Great Britain. For the fiscal year ending June 30, 1904, Canada exported 234,430,783 pounds of cheese, of which 233,748,234 pounds went to the United Kingdom. The total cheese imports of the United Kingdom for the calendar year 1904 were 286,081,376 pounds, of which 212,862,272 pounds were Canadian.

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

### Canadian Consumption of Butter

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

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

|                         |                 |
|-------------------------|-----------------|
| Ontario .....           | 62,938,110 lbs. |
| Quebec .....            | 42,982,188 "    |
| Manitoba .....          | 10,183,343 "    |
| Nova Scotia .....       | 9,331,142 "     |
| New Brunswick .....     | 8,130,347 "     |
| Northwest Territories.. | 4,012,751 "     |
| Prince Edward Island.   | 1,960,332 "     |
| British Columbia .....  | 1,488,016 "     |
| <hr/>                   |                 |
| Total for the Dominion. | 141,026,229 "   |

### The Eggs We Eat

The total exports of eggs from Canada amounted to 11,363,914 dozen in 1901, to 11,639,755 dozen in 1902, and 7,415,148 dozen in 1903. But according to statements made by Canadian farmers to the Dominion Government census enumerators, their hens laid 84,132,802 dozen eggs in the year 1901. Thus the home market took more than seven times as many eggs as were ex-

ported. The egg production of the different provinces in 1901 was as follows:

|                         |                 |
|-------------------------|-----------------|
| Ontario .....           | 49,779,845 doz. |
| Quebec .....            | 15,502,415 "    |
| Manitoba .....          | 5,038,062 "     |
| Nova Scotia .....       | 4,419,239 "     |
| New Brunswick .....     | 3,120,012 "     |
| Prince Edward Island.   | 2,426,251 "     |
| Northwest Territories.. | 2,197,237 "     |
| British Columbia .....  | 1,651,741 "     |
| Total for Dominion...   | 84,134,802 "    |

#### Canada's Tobacco Farms

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

|                         |                |
|-------------------------|----------------|
| Quebec .....            | 7,655,975 lbs. |
| Ontario .....           | 3,503,739 "    |
| British Columbia .....  | 61,830 "       |
| Prince Edward Island.   | 30,994 "       |
| Northwest Territories.. | 6,682 "        |
| Manitoba .....          | 6,365 "        |
| New Brunswick .....     | 587 "          |
| Nova Scotia .....       | 560 "          |
| Total for Dominion ...  | 11,266,732 "   |

### The Home Market for Potatoes

A crop grown extensively in all the provinces of the Dominion is potatoes. The total exports of potatoes amounted to 891,154 bushels in 1901, to 1,333,554 bushels in 1902, and 662,634 bushels in 1903. According to the Dominion census the total Canadian production of potatoes in 1901 was 553,628,815 bushels. That is, the home market for potatoes was 62 times as valuable as the foreign market. Prince Edward Island alone produced more than five times as many potatoes as were exported from the whole Dominion. The production in each of the provinces was as follows:

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

### The Hay Crop

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

The hay production of the different provinces was as follows:

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

#### The Clip of Wool

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

|                         |            |      |
|-------------------------|------------|------|
| Ontario .....           | 5,017,585  | lbs. |
| Quebec .....            | 2,772,894  | "    |
| Nova Scotia .....       | 872,544    | "    |
| New Brunswick .....     | 709,816    | "    |
| Northwest Territories.. | 626,502    | "    |
| Prince Edward Island..  | 420,438    | "    |
| Manitoba .....          | 137,469    | "    |
| British Columbia .....  | 100,349    | "    |
| Total for Dominion ...  | 10,657,597 | "    |

Since 1901 there has been a very large increase in the wool clip of the Northwest

Territories, and it is likely to exceed that of any of the Eastern provinces in a few years.

### Maple Sugar

An important product of many farmers, especially in Quebec Province, is maple sugar. The total Canadian exports of maple sugar and syrup amounted to 899,819 pounds of sugar and 2,615 gallons of syrup in 1901; 1,206,628 pounds of sugar and 1,421 gallons of syrup in 1902; 2,741,669 pounds of sugar and 1,748 gallons of syrup in 1903. But the Canadian production of maple sugar in 1901, according to the Dominion census, was 17,804,825 pounds and Quebec province alone produced 13,564,815 pounds.

### The Apple Crop

Of all Canadian fruits, apples can be the most easily kept in good condition and most conveniently transported to distant countries. Yet only 516,215 barrels of apples were exported to all countries during the fiscal year 1902, although Ontario's apple crop alone that year was estimated by the Government to be 48,185,125 bushels, or over sixteen million barrels. That is, Ontario produced about thirty-one times as many barrels of apples as were exported

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

province in a few years. The total quantity of apples imported by Great Britain from all countries during the year 1902 was 318,494,500 pounds. The Canadian railways estimate that the average barrel of Canadian apples weighs 160 pounds, and charge freight at that rate. Assuming this estimate to be correct, the total British imports from all countries in 1902 were equal to about two million barrels of Canadian apples. As Ontario alone produced in 1902 over sixteen million barrels of apples, it is evident that Canadian apples would have to rot on the trees or on the ground if there were no home market.

For perishable fruits such as peaches, pears, plums, cherries and grapes the showing for the home market is even more favorable.

### The Home Consumers

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

We buy in the United States and other foreign countries every year many mil-



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

### Uncertainty of Reciprocity

Even if a reciprocity treaty could be arranged which would give Canadian farm products free access to the United States manufacturing centres there could be no certainty that the arrangement would be permanent and Canadian farmers might be suddenly shut out by an Act of Congress, but it is absolutely certain that Canadian farm products will never be shut out of any Canadian manufacturing town. Therefore, every Canadian farmer should give the preference to manufactured goods made in Canadian towns.

### Shut Out of the British Market

The British market is more certain than the United States market, but even the British market cannot be absolutely depended upon as the Canadian market can. For instance, some years ago Canadians began to export live cattle to Great Britain to be fattened there in the pastures of Scotland and England. This trade soon reached immense proportions and many Canadians depended upon it for a livelihood. Suddenly an embargo was placed upon Canadian cattle and the trade in stockers came to an end. There is not much danger that our cheese, butter, eggs, grain and other farm products will be excluded from Eng-

land, but they meet there the products of the United States, Australia, South America, India, Russia and many other countries and in competing in that distant market with the farmers of such far away countries it is impossible for our farmers to calculate with any certainty what prices they can get for their products.

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

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**A VERY ONE-SIDED ARRANGEMENT**



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



## WE AND OUR NEIGHBORS

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**T**HE Canadian Trade and Navigation returns for the fiscal year 1904 show that exports of Canadian products to the United States amounted in value to \$66,856,885, but this included \$18,713,709 worth of gold-bearing quartz, gold dust, gold nuggets, etc., taken to the United States from the Klondike and other Canadian gold centres, and \$1,826,382 worth of silver contained in ore, concentrates, etc. It is of no great advantage to Canada to have this gold and silver carried away to the United States. For instance, an American gold seeker spends a few months in the Klondike, discovers a large quantity of gold and then returns to his own country carrying his gold with him. This gold is rightly included in Canada's exports in the Government returns, but in comparing our sales of merchandise to the Americans with our purchases from them for the purpose of ascertaining the effect of the tariffs of the two countries it will be fairer not to include it. Excluding unmanufactured gold and silver as well as coins from both exports and imports, it will be

found that in the fiscal year 1904 we imported from the United States for consumption in Canada \$143,010,578 worth of merchandise, while we exported to that country \$46,316,794 worth of Canadian products and \$3,856,168 of foreign products, a total of \$50,172,962. The population of the United States in 1904 was estimated by United States Government statisticians to be 81,752,000, and the population of Canada on the 30th June, 1904, was estimated by the Dominion statistician at 5,604,328, so that excluding gold and silver from exports and imports we find that the 'Americans per head of population bought from Canada 61 cents' worth of merchandise, of which 56 cents' worth was produced in Canada, whereas Canadians per head of population bought from the United States for consumption over \$25.51 worth of merchandise. That is, one Canadian bought in the United States more than forty-one Americans bought in Canada. Even if we include in Canadian sales of merchandise the gold bearing quartz, gold dust, nuggets, etc., and silver contained in ore, concentrates, etc., taken out of Canada as well as the foreign products exported from Canada to the United States one Canadian bought more from the United States for consumption than twenty-nine

Americans bought altogether from Canada.

A great deal has been said about the United States being the natural market for Canadian farm products, yet per head of population the Americans bought only a little over nine cents' worth of Canadian farm products during the year 1904, while Canadians per head of population bought from the United States over \$3.15 worth of the same kind of farm products. One Canadian, in fact, consumed more United States farm products than thirty-four Americans did of Canadian farm products of the same kind. There is no reason for this extraordinary difference other than the fact that the United States has a high protective tariff, while Canada has a low protective tariff. The trade figures may be tabulated as follows:

**CANADIAN-AMERICAN TRADE FOR 1904,  
EXCLUDING GOLD AND SILVER.**

**Merchandise.**

|  |               |
|--|---------------|
| Imports from U.S. for consumption.....   | \$142,010,578 |
| Imports from U.S. for export .....       | 6,170,006     |
| Total imports from U.S.. .....           | 149,181,943   |
| Canadian products exported to U.S.. .... | 46,316,794    |
| Foreign products exported to U.S.....    | 3,856,168     |
| Total Exports to U.S.....                | 60,172,962    |

**Farm Produce.**

|  |              |
|--|--------------|
| Canadian farm products sold to U.S.....    | \$ 7,454,885 |
| Similar farm products bought from U.S..... | 17,608,143   |



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

If all the farm products which have gone through simple processes of manufacture were included the balance against Canada in the trade in farm products would be much greater. For instance, we imported large quantities of calf, kid, goat, lamb and sheep skins dressed, waxed or glazed, but these are regarded as manufactured and not included among farm products, although they come directly into competition with the animal products of our own farms. The Government reports include flour with agricultural products, but they do not include linseed oil cake or linseed oil. It is somewhat difficult, no doubt, for the compilers of Government statistics to draw the line accurately between farm products and manufactured products.



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

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

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



## HOW THE BALANCE IS PAID

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**I**T has been shown that Canada during the fiscal year 1904 imported from the United States \$143,010,578 worth of merchandise for consumption and exported to that country only \$46,316,794 worth of Canadian products and \$3,856,168 of foreign products, excluding both gold and silver from both exports and imports. This makes the balance against Canada \$92,837,616. How was this balance paid? International trade balances are settled to a great extent by bills of exchange. During the fiscal year 1904 Canadian merchandise to the value of \$110,120,792 was exported to Britain. We imported from Britain for consumption in Canada \$61,724,616 worth of merchandise, leaving a trade balance in our favor of \$48,396,276. The previous year was still more favorable to Canada, for we exported to the United Kingdom merchandise to the value of \$125,198,057 and only imported from the United Kingdom for consumption merchandise to the value of \$58,793,038, leaving a balance in our favor of \$66,405,019. Yet during those two years only \$243,994 of British gold and silver came to Canada according to the Trade and Navigation Report. The

immense balance in our favor in trading with the United Kingdom was partly used to pay interest on loans, dividends on stocks and other indebtedness in Britain and partly for the purpose of paying a portion of our indebtedness to the United States by means of bills of exchange. It is a well known fact that Americans have invested very large amounts of capital in Canadian mines, industrial enterprises and railways during recent years and British capitalists have also invested considerable amounts in the same way. The American investors instead of bringing over the money usually made financial arrangements through the banks, and our adverse trade balance was partly offset in this way. But for these large American investments in Canada the country would have been completely drained of gold as a result of our over-importations. If Canada bought from the United States no more than it sells to that country there would be a steady flow of gold to the Dominion from both the United States and Britain, the United States gold representing the investment of American capital in Canadian industries, the British gold representing partly similar British investments and partly payments for our excess exports of Canadian products to Britain.

## CANADA FOR CANADIANS

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

While United States products have

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

The great emigration of farmers from the United States to the Canadian Northwest is of a very different character. Canadians go to the United States to seek work. The Americans come to Canada to seek land. Cheap farm lands are no longer obtainable in the United

States, but there has never yet been a time when Canadians were obliged to abandon their country in order to get cheap farm lands.



## THE CHILDREN OF THE NEW SETTLERS

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

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

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

ment of a great variety of industrial enterprises was encouraged by a policy of protection.

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

Manitoba and the Canadian Northwest Territories should profit by the experience of the Eastern Provinces. All the loyalty of their ancestors to the British Empire did not prevent the young men of the East from emigrating to the



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



United States. Unless home industries are provided for the sons of the men who are now settling in the Canadian Northwest they too will drift back to the land of their fathers.

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

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

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

However desirable it may be for the boys to stay on the farms, they will not all do so. God did not make all men

alike. Even in the same family there are often great differences of temperament, taste and capacity. A man who is naturally well fitted to excel in one kind of work may make a complete failure of another kind of work for which he is unfitted.

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

The farmers' wives and daughters sometimes feel the loss of the boys even more keenly than the farmers themselves. The *Montreal Family Herald and Weekly Star* has published a number of

letters on the tariff question from men of all shades of opinion, but one of the most interesting letters was written by a woman, who said:

"My husband says that you won't publish letters from a woman on this question. He says if you asked for letters on love affairs or on 'How to take care of babies,' I might write, but that women won't be consulted about making the tariff. But I say that this is a love affair for me at any rate. I love my two boys, my only sons, and they are living in a big city of the United States. My heart is aching to have them home again in some Canadian city. I am afraid they will marry American girls and settle down there, almost forgetting their mother. I have a neighbor whose son went to the United States years ago. At first he wrote to her often. Then he got married and after a few years he was divorced and married again. He has children by both wives. Isn't it dreadful? Divorces are so common over there. You will say, 'What has all this to do with the question of high tariff?' I will tell you just what. I got a letter two weeks ago from one of my boys. They both work in the same factory. The letter said: 'What do you think, mother? We may be back in Canada before long. I heard our manager say yesterday to a gentleman who was going through the factory with him, that if the Dominion Government should raise the Canadian tariff as high as the Ameri-



can tariff it would be necessary for our company to start a big branch factory in Canada. Over one-third of the work done in our great factory now is for export to Canada and our Canadian trade is increasing every year. I often think as I am pegging away at my work that while living in the United States I am making things for Canadians. I guess there would be quite a lot of branch factories started in Canada if the tariff should be raised and there would be lots of work for Canadians at home.' Now, Mr. Editor, do you see why I am interested in the tariff question? I want my boys to come home, because I think Canada is a purer and better country. They will be better men here. I don't mean that they are not good now. They are both good boys, but I am afraid of the future."

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

### THREE MISTAKES ABOUT FARMERS

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

62 THREE MISTAKES ABOUT FARMERS

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

## PROTECTIONIST FARMERS

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

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

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

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

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

the majority of British farmers were ever convinced that free competition was a blessing to them. To-day British farmers would rejoice to see stiff protective duties on breadstuffs, and for the sake of them would willingly favor duties on manufactured articles as well.

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

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

Old party traditions and prejudices on this question have now disappeared. Both parties having accepted the principle of protection, the time has come for a forward movement. The Conservative tariff at its highest was much lower than the Wilson-Gorman Act of the American Democrats which the Republicans denounced as a move towards free trade. All Canadians, irrespective of party, should now unite in demanding of the politicians a protective tariff high enough to preserve the home market for Canadian farmers and Canadian manufacturers. When such a tariff is established,

it will no longer be possible to say that each Canadian consumes forty-one times as much of United States merchandise as each American does of Canadian merchandise.

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## BUYING MEATS IN THE STATES

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**D**URING the fiscal year 1904 Canada imported from the United States 13,470,954 pounds of meat valued at \$1,193,615, without including poultry and game, dressed or undressed. On the other hand our exports of meats to the United States only amounted to 399,465 pounds, valued at \$42,136. That is, Canadians bought over thirty-three times as much meat from the United States in the fiscal year 1904 as Americans bought from Canada.

The population of the United States in 1904 being estimated at 81,752,000 and the population of Canada at 5,604,000, it is evident that one Canadian ate more of United States meats than 491 Americans ate of Canadian meats.

United States meats are imported into every province and territory of Canada.

The imports of meats from the United States in detail as given in the Canadian Government Trade and Navigation Report for the fiscal year 1904 were as follows:

## NOT A QUESTION OF APPETITE



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

**Uncle Sam**—My family eat food grown on my farms. So long as Johnny Canuck likes to pay me money for what could be grown on his own farms I don't object, and I supply him manufactured goods on the same terms. (See page 68).



CANADIANS BOUGHT FROM THE UNITED STATES

|                            |            |      |
|----------------------------|------------|------|
| Salted pork .....          | 5,651,487  | lbs. |
| Bacon and hams .....       | 3,204,071  | "    |
| Salted beef .....          | 1,960,425  | "    |
| Canned meats .....         | 986,619    | "    |
| Lard .....                 | 589,144    | "    |
| Dried or smoked meats....  | 538,472    | "    |
| Mutton and lamb, fresh.... | 128,440    | "    |
| Other meats, fresh .....   | 276,484    | "    |
| Other meats, salted .....  | 135,812    | "    |
| <hr/>                      |            |      |
| Total .....                | 13,470,954 | lbs. |

The Canadian Trade and Navigation Report tables do not distinguish between exports of fresh and salted meats. The exports of Canadian meats to the United States for the fiscal year 1904 are given as follows:

AMERICANS BOUGHT FROM CANADA

|                       |         |      |
|-----------------------|---------|------|
| Pork .....            | 135,807 | lbs. |
| Bacon and hams .....  | 5,925   | "    |
| Lard .....            | 50      | "    |
| Beef ... ..           | 128,032 | "    |
| Canned meats .....    | 23,890  | "    |
| Mutton .....          | 16,409  | "    |
| Tongues .....         | 80      | "    |
| All other meats ..... | 89,272  | "    |
| <hr/>                 |         |      |

Total ... .. 399,465 lbs.

The value of dressed and undressed poultry and game imported, as given in the Trade and Navigation Report for the fiscal year 1904 was \$41,005, but the

quantities were not given. The value of the exports of Canadian poultry and game to the United States was only \$18,107.

It is noteworthy that out of the 13,470,954 pounds of meat imported from the United States in 1904, only 404,924 pounds were fresh meats. The explanation for this may be found in the fact that while the United States tariff on fresh beef, veal, mutton and pork is only two cents per pound, the Canadian tariff on fresh beef, veal and pork is three cents per pound, and on fresh mutton and lamb thirty-five per cent. ad valorem, which is usually equivalent to about three cents per pound. Thus the Canadian farmer actually has higher protection on fresh meats than the American farmer, and he needs all the protection he has.

On the other hand the Canadian tariff on bacon and hams is only two cents per pound, while the United States tariff on bacon and hams is five cents per pound. During the fiscal year 1904 we exported to the United States 5,925 pounds of Canadian bacon and hams, and imported from that country 3,204,071 pounds of bacon and hams, over 540 times as much.

TEN TIMES AS MUCH



Uncle Sam—I can make one mouthful of this, but it takes a good many mouths to eat all the butter I send over Canada's low tariff wall. (See page 71).



## EGGS, BUTTER AND CHEESE

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**D**URING the fiscal year 1904 we imported from the United States for consumption in Canada 416,601 pounds of butter, 174,182 pounds of cheese, and 936,917 dozen eggs, while we exported to the United States only 31,416 pounds of butter, 34,608 pounds of cheese, and 30,387 dozen eggs. Thus we bought from the United States in the fiscal year 1904 over thirteen times as much butter, over five times as much cheese and over thirty times as many eggs as we sold to that country. Our imports of American butter, cheese and eggs for consumption in Canada were valued at \$337,944, while the Canadian exports of the same products to the United States were valued at only \$17,524.

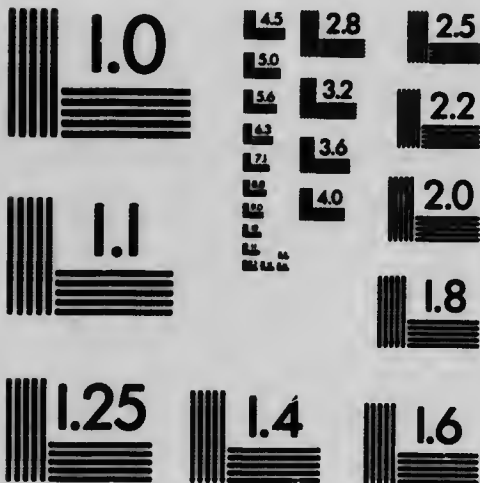
Estimating the population of the United States at 81,752,000, and the population of Canada at 5,604,000, we find that one Canadian spent as much on American eggs, butter and cheese as 281 Americans spent on Canadian eggs, butter and cheese.





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

|             | United States<br>Tariff | Canadian<br>Tariff |
|-------------|-------------------------|--------------------|
| Butter..... | 6 cts. per lb.          | 4 cts. per lb.     |
| Cheese..... | 6 cts. per lb.          | 3 cts. per lb.     |
| Eggs.....   | 5 cts. per doz.         | 3 cts. per doz.    |

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

A BIG BASKET AND A LITTLE ONE



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

Uncle Sam.—I guess my hens lay better than yours, Johnny. (See pages 71 and 72).



## HOW A NATION GROWS RICH

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

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

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

The fundamental error of the story is the assumption that the sole business of a nation is to trade. It overlooks the producer altogether. The fishermen gather into their nets the riches of the waters; the farmers extract wealth from the soil; the lumbermen take it from the forest; the miners bring it up from the bowels of the earth; the inventors study natural laws, the knowledge of

which enables men to control the forces of nature and utilize to the best advantage the raw materials taken from the sea, the forest, the farm and the mine; the manufacturer utilizes the ideas of the inventor and converts the raw materials by hand or machinery into forms suitable for general use.

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

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

For example, all the raw materials for making iron and steel are found in abundance in Canada. Large quantities

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



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

## KEEP YOUR MONEY IN CANADA

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

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

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

## HOME TRADE AND FOREIGN TRADE

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

Did Sir Wilfrid Laurier ever consider the vast proportions of the internal trade of the United States? He says that the exports and imports show the wealth of a country. What does the internal trade show? During the year 1903 over 18,000,000 tons of pig iron were produced in the United States. If we value that pig iron at \$12 per ton, which is much below the average price in both the United Kingdom and the United States that year, it will represent \$216,-

## HOME TRADE AND FOREIGN TRADE

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Uncle Sam —Did you ever figure out, Wilfrid, what the home trade of the United States amounts to per head of population? (See pages 78 and 79).



000,000. If all that pig iron had been imported instead of being produced in the United States the foreign trade figures would have been greatly increased, but would the people of the United States be any wealthier to-day? If all the cotton mills in the United States were closed down and the cottons worn by the American people imported from foreign countries there would be an enormous increase in both the exports of raw cotton and the imports of manufactured cottons, swelling the foreign trade figures of the United States so much that no Canadian politician could point the finger of scorn at them, but the home trade would suffer a corresponding reduction.

The iron and steel and manufactures thereof imported into Canada in the fiscal year 1903 were valued at \$42,009,108, while the woollen goods imported during the same year were valued at \$13,561,915. If half of these woollens and iron and steel manufactures were made in Canada the foreign trade figures per head of population would shrink, but the home trade would greatly increase.

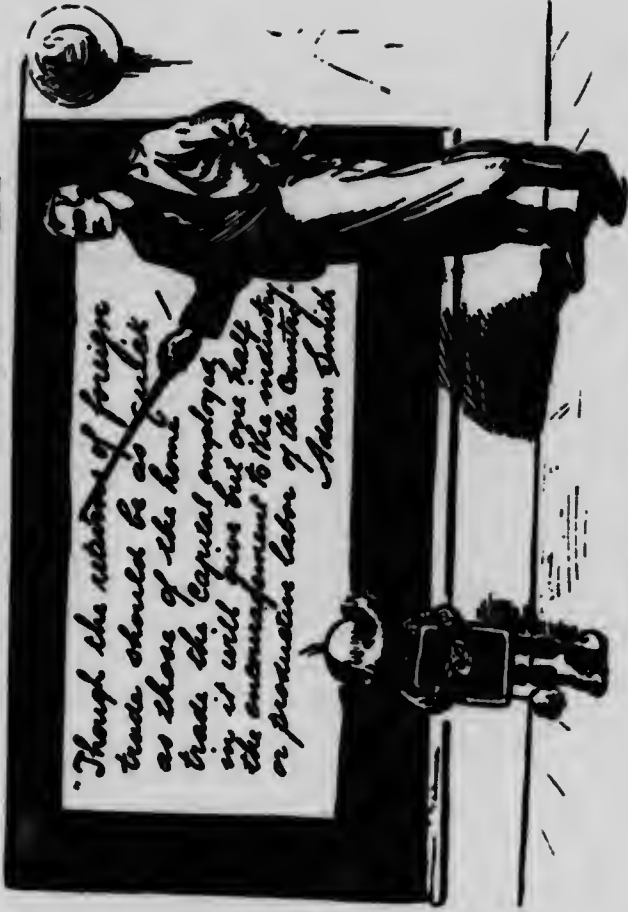
If the 29,350,021 lbs. of meat which Canadians bought from the United States during the fiscal years 1902 and 1903 had

been bought in Canada, the foreign trade of the Dominion would have been considerably reduced, but Canadian farmers would have a great deal more money in their pockets.

In the fiscal year 1904 about \$7,454,000 worth of Canadian farm products were exported to the United States and we imported from the United States about \$17,668,000 worth of similar farm products. If one-half of those imported farm products were shut out by a high tariff our foreign trade figures would be reduced by about nine millions, but our Canadian farmers would have a better home market.

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

HOME TRADE AND FOREIGN TRADE



A blackboard lesson for Sir Wilfrid





## IMPORTANCE OF SMALL INDUSTRIES

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

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

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

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

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

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

There are many little industries in cities, towns and villages throughout the country which seem of small importance

when looked at individually, but altogether they provide employment for a great many people, create a valuable home market for the farmers, make business for the merchants and keep in circulation in Canada many millions of dollars which would go out of the country if they were wiped out of existence.

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

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## CHEAPER TRANSPORTATION

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

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

We are likely to have within a short time three great trans-continental rail-

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

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

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

crease the traffic and the profits of the railways that they will be able to pay their proper share of taxes, thus partially relieving the farmers from the burden of taxation.

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

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



## THE RAILWAYS AND RECI- PROCITY

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**Q**UEER things sometimes get into the stock market reports of the newspapers, but perhaps the most absurd statement that has yet appeared was one copied by a number of Canadian newspapers to the effect that a reciprocity treaty between Canada and the United States would cause a rise in Canadian Pacific Railway stock. To any thinking man it must be evident that a reciprocity arrangement with the United States that would cause trade to flow north and south instead of east and west must prove disastrous alike to the Canadian Pacific Railway, the Grand Trunk Pacific and the Canadian Northern Railways. The greater the business between the eastern and western Provinces the better it will be for the Canadian trans-continental railways. On the other hand, any increase in business between Canada and the United States means extra traffic for United States railways. A reciprocity treaty that would enable the big industrial centres of the United States to supply Canadians with manu-

factured goods and drive Canadian manufacturers out of business, would ruin the great Canadian railways. To take an extreme case to show the value of Canadian factories to the great railways, suppose that all the factories in Toronto, Hamilton and Ottawa, with the workmen employed in them, were suddenly transferred to the city of Buffalo, what an immense falling off there would be in Canadian railway business, although Buffalo is just on the other side of the border. Suppose that all the factories in all the cities, towns and villages of Canada were transferred to towns and cities of the United States, the railways of Canada would be obliged to discharge three-fourths of their employees, for every branch of their business would decline in an extraordinary way. Of course a reciprocity treaty would not close up every Canadian factory, but it would close up many of them, and every factory closed would be a direct loss to the railways. On the other hand, every new factory established in Canada, and every extension of an old one, increases the business of Canadian railways. The best thing that could happen for stockholders in the Canadian Pacific, Grand Trunk Pacific and Canadian Northern

railways would be a general increase in the tariff, which would, to use the words of the Canadian Manufacturers' Association's tariff resolution, "effectually, transfer to the workshops of our Dominion the manufacture of many of the goods which we now import from other countries."

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## THE DEATH OF RECIPROCITY

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**A**N Englishman who visited Canada first in 1887 and again in 1904 said that wherever he went in 1887 he found a general desire for reciprocity with the United States, although there was difference of opinion as to how much Canada could afford to pay for a treaty, but on the occasion of his second visit he only met one advocate of reciprocity in all his travels, and that was a distinguished citizen of Toronto, Professor Goldwin Smith.

Undoubtedly there has been an extraordinary change in public sentiment on this question, and an explanation for it might be found by comparing the map of Canada which appeared in Mr. Goldwin Smith's "Handbook of Commercial Union," with the map of the Dominion in any Canadian school geography. Mr. Goldwin Smith's map represented habitable Canada as a mere fringe along the northern border of the United States, and that was the prevailing notion in those days when Canada was sometimes described as a country having length

without breadth. But the Dominion has gradually broadened out or rather the minds of Canadians have broadened to a knowledge of its greatness, and when Sir Wilfrid Laurier declares that Canada is to be the country of the twentieth century just as the United States was the country of the nineteenth century he but voices the general belief of the Canadian people. So when Uncle Sam comes forward with the old worn-out nag called Reciprocity saying, "You used to be very anxious for a trade and I thought you would gladly make a deal whenever I got ready," Jack Canuck looks proudly at the horse he rides and replies: "You are too late. We did not think then that our horse would be the winner of the twentieth century, but we do now."

Even the *Toronto Globe*, which was at one time the leading advocate of unrestricted reciprocity has come out flat against a reciprocity treaty. On the 12th of January, 1905, the *Globe*, referring to a report that the Joint High Commission would soon resume its sittings, said: "If our neighbors only knew how languid Canadian interest in the whole subject really is they would see little hope of securing any commercial

"CANADA WILL BE THE COUNTRY OF  
THE TWENTIETH CENTURY JUST AS  
THE UNITED STATES WAS THE  
COUNTRY OF THE NINETEENTH  
CENTURY"

— SIR WILFRID LAURIER



Uncle Sam.—You used to be very anxious for a trade and I thought you would gladly make a deal whenever I got ready.

Jack Canuck—You are too late, uncle. We did not think then that our horse would be the winner of the twentieth century, but we do now. (See page 92).



treaty of any sort just now." The concluding words of this *Globe* article are significant. "There is a growing prejudice in Canada," says that great Liberal newspaper, "against tying our hands by trade agreements with either Great Britain or the United States. We are free and we prefer to remain so."

That is the general feeling of Canadians. We must be free to change our tariff as we please whenever changing conditions may demand a change.

However, in an article published January 14, the *Globe* said that while a long term treaty would be unpopular in Canada a reciprocity convention which could be terminated at short notice by either Canada or the United States would be more favorably regarded. Such conventional reciprocity as the *Globe* proposes would be like a tight rope connecting Canada with the United States, held down on one side by Jack Canuck and on the other by Uncle Sam. The Canadian farmer who tried to make use of the Reciprocity tight rope as a bridge to the United States market would find it at best rather risky, and if Uncle Sam should suddenly let go his end of the rope, where would the poor Canadian farmer be?



The *Globe's* proposal may be answered by quoting from an interview of E. W. Thompson with Hon. Clifford Sifton, in which the Minister of the Interior is reported to have said:

"We could not afford to risk much on a market that might be hastily closed to us. Canadians have not forgotten the lesson of 1866, when Washington abrogated the reciprocity treaty of 1854. This country had got into the way of adapting its production, and very largely its entire business, to the American market. Canada was flattened out for years by the abrogation of the treaty. No more of that for me. We have adapted our production and business to the independent self-sufficient policy that has been pursued for many years now. Does anybody of good sense imagine that we will give that up, and undertake a re-adaptation to the United States market on a bargain extending over any short term, or which could be done away with by a few years' notice from Washington? No."

It must be remembered that when the Reciprocity Treaty was made the provinces which now form the Dominion had not been confederated. They had no interests in common and no general policy. Ontario and Quebec, then known as Upper and Lower Canada, were separated from the Maritime Provinces by a wilderness with no railway



**If Uncle Sam should suddenly let go his end of the Reciprocity tight rope where would the poor Canadian farmer be?**



connections between them. The northern part of Ontario was an unknown country, and to the north-west of it lay the great lone land called the Hudson Bay Territory. West of that again and separated from it by the Rocky Mountains was the British Columbia colony on the Pacific Coast. All these scattered British colonies had close connection with the United States. For thirty years from 1824 to 1854 the United States had enjoyed the benefits of a protective policy. Fostered by protection prosperous industries had grown up in every town and city in the United States, creating a home market of immense value to farmers. But the British North American provinces had very low revenue tariffs. Consequently while the villages and towns of the United States were rapidly growing into populous and prosperous cities the provincial towns were stagnant, and many thousands of young people were forced to emigrate to the United States to secure work. The farmers of the provinces had enjoyed a preference in the British market which partly compensated them for the lack of a home market, but when this preference was withdrawn the outlook for the colonies seemed very black indeed. It is

not surprising that seeing the high prices of farm products prevailing in the manufacturing cities of the United States most of our farmers desired free entrance into that market.

By a peculiar combination of circumstances very prosperous times followed the adoption of the Reciprocity Treaty. The Crimean War suddenly raised the price of wheat to two dollars per bushel and the prices of nearly all farm products went up accordingly. However, in 1857 there was a severe commercial crisis and several bad years followed. Then came the Civil War, during which the farming districts of the Southern States, which in time of peace have always sent great quantities of produce to the big cities of the North, ceased entirely to supply those markets, while at the same time a large proportion of the Northern farmers were fighting instead of tilling the soil. Consequently everything the Canadian farmer could produce sold readily in the United States market at high prices. The war also created a great demand for horses. Another important factor in the making of prosperity during the years of the Reciprocity Treaty was the enormous expenditure of money on railway building

in the two Canadas and the Maritime Provinces. Many millions of dollars of British capital were thus put into general circulation in the provinces and helped to make times good.

One remarkable result of the Reciprocity Treaty was the sudden falling off in shipping at St. Lawrence ports. The tonnage of sea-going vessels arriving at and departing from the four leading St. Lawrence ports in 1854 was 1,487,097 tons; in 1855 it was only 870,794 tons. The total value of the exports and imports at the ports of Montreal and Quebec in 1854 was about 42,000,000; in 1855 it was only about \$28,000,000.

It must be remembered that the treaty only provided for reciprocity in natural products. In 1858 the Canadian Government decided to give a preference to manufacturers and a protective tariff of twenty per cent. was imposed on a long list of manufactures, while boots and shoes, harness, and ready-made clothing got protection to the extent of twenty-five per cent. Thus during the last eight years of the Reciprocity Treaty we had in the old provinces of Upper and Lower Canada protection for manufacturers and free trade in natural products. The fact that the customs tariff was doubled

on a number of lines of manufactures during the period of the Reciprocity Treaty has been generally overlooked. As a result of this protection a number of manufacturing industries were established furnishing a home market for farmers and greatly increasing the prosperity of the country. Notwithstanding all these peculiarly favorable conditions the balance of trade was against Canada during the period of reciprocity. Yet prices were so good and business so profitable during the greater part of that period that the Canadian people for many years looked back to it with longing for a renewal of the treaty, overlooking entirely the unusual conditions that existed between 1854 and 1866. But Canadians no longer look backward. We have our faces toward the future; we turn our eyes to the east, the west, the north, but not to the south, unless it be to the farther south where in the British West Indies and the countries of Africa and South America our Maritime Provinces will ultimately do a great trade. Canada's proximity to the United States is no longer considered the only geographical fact worth mentioning. Note the remarkable way in which it juts out into the two great oceans; mark the numer-

ous good harbors on both the Atlantic and Pacific coasts with unlimited quantities of good coal close to them. Is it for nothing that Canada is hundreds of miles nearer to both Europe and Asia than the United States? Is it for nothing that Halifax is six hundred miles nearer Liverpool than New York is? Is it for nothing that the great coal and iron districts of Nova Scotia are not only nearer to Europe but also much nearer to Africa and South America than any coal and iron district of the United States? The answer is plainly marked on the map in Nature's own language. Canada was not intended to be a mere fringe of the United States; it was intended to do an immense business through its own harbors with countries over seas. But so long as the bulk of our outside trade is done with the United States, so long as one Canadian buys as much from the United States as forty-one Americans buy from Canada our maritime trade must be limited and our magnificent harbors will remain almost unused.



## RECIPROCITY NOT DESIRABLE

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

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



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



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

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

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

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

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

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

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

The Toronto *Weekly Sun* points out that certain portions of southwestern

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

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

the great Chicago meat companies would be able to sell western meat in Ontario towns at prices our farmers could not touch. Reciprocity with the United States would mean that American farm products could come into Canada free of duty. Even now, when we impose protective duties on most United States farm products, the Americans are able to send into this country enormous quantities of farm products. If there were no tariff whatever on farm products the towns of Western Ontario would be flooded with American farm products. There are a large number of thriving towns in southwestern Ontario. To say nothing of Toronto, we have Hamilton, St. Catharines, Brantford, Woodstock, London, St. Thomas, Chatham, Windsor, Sarnia, Stratford, Paris, Galt, Berlin, Guelph, Owen Sound, Barrie, Collingwood, and a number of other towns. With a reciprocity treaty in force American farm products would be sold in all these towns in competition with Canadian farm products, and at the same time many of the factories in these towns would be closed as a result of American competition. It will pay the farmers of western Ontario far better to increase the population of the numerous towns in



their own districts by buying goods "Made in Canada" than to get reciprocity with the United States. If half the manufactured goods we now buy in the United States were made in Canada, there would be an immense increase in the number of factories in the towns of western Ontario and a corresponding increase in the consuming population. By increasing our protection on both farm products and manufactured goods, we can build up a large number of thriving cities and towns in western Ontario that will consume great quantities of farm products. It will be far better for our farmers to have such prosperous towns scattered all over the western peninsula of Ontario than to be dependent upon two big American cities.

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## NECESSITY OF CO-OPERATION

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

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

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

mers, and higher protection for manufactured products will cause the establishment in Canada of many new factories and the enlargement of many old ones, giving employment to thousands of men, who with their families, will have to buy food from Canadian farmers.

When Canadian farmers buy goods made by workmen in United States workshops they cannot supply these workmen with food without paying the high duties imposed by the United States Government. The farmers do not pay the duties direct, but the exporters pay the farmers less because of those duties, so that the United States duties actually come out of the pockets of our farmers. As stated in a previous article if the Canadian tariff on manufactured goods were raised many of the United States manufacturers, who are now supplying Canadians with manufactured goods, would be obliged to start branches in Canada. Their workmen being in Canada, Canadian farm products could be sold to them without paying duties to the United States Government, and Canadian farmers would consequently get much better prices for their products. Moreover, the American manufacturers having started factories on the

right side of the Canadian tariff wall, their agents would no longer have to pay duties on the goods sold to Canadian farmers, and they could therefore afford to sell them to our farmers at lower prices than they do now. The competition being within the country instead of from outside would be very much more effective in keeping prices at a reasonable level.

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

## WORKINGMEN AND SHARE- HOLDERS

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ONE cannot throw stones at the manufacturers without hitting a great number of workingmen.

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

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

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

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

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

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

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

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

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

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

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

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## THE FISHERMEN'S HOME MARKET

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

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

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

Fishermen in Nova Scotia and British Columbia should note also that every factory requires a great deal of coal and the

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

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

## THE WEST AND THE EAST

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

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

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

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

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

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

## THEY DON'T KNOW THE WEST

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

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

bilities of the Northwest. The development of industries in Ontario was long delayed owing to lack of protection. During the last twenty-four years under a policy of moderate protection there has been a gratifying growth of industries and no one now pretends that this province is not naturally adapted for manufacturing, but the development would have been much more rapid if the protective tariff had been as effective as that of the United States.

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

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## FACTORIES IN THE WESTERN STATES

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



with an aggregate capital of \$3,477,587,249 and an annual product of \$5,252,311,029. In New England there were only about one-quarter as many manufacturing establishments as in the West, less than half the capital invested and an annual production of less than two-fifths that of the West.

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

## THE MORTGAGE LIFTER

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

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

It looks as if the farmers of Manitoba and the Canadian Northwest Territories as well as those of Eastern Canada needed increased protection. The total importation of bacon, hams, shoulders and sides from the United States into

Canada for the years 1902 and 1903, amounted to 8,217,498 lbs., while 1,799,195 lbs. of lard and 12,359,623 lbs. of salted pork were imported from the United States in the same years. The present Canadian tariff on bacon and hams from the United States is only two cents per pound while the United States tariff on Canadian bacon and hams is five cents per pound. If the Canadian tariff on these products were as high as the United States tariff large packing houses would soon be established in Winnipeg, Calgary, Edmonton and other centres which would supply not only the local demand in the Canadian Northwest and British Columbia, but also ship to England. These packing houses would create a demand for hogs that would add greatly to the profits of farming. As the Winnipeg *Free Press* itself points out "the mortgage lifter" is the slang name for the hog in the Western States, and there is no reason why the raising of hogs should not be equally profitable in the Canadian Northwest. Many of the farmers from the United States who have settled in Alberta are said to be making preparations to go into hog raising. These new settlers will not be any better pleased than Canadian-born far-

mers to have bacon, ham, lard and salted pork from the United States competing with their products.

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

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

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

## NORTHWESTERN ONTARIO

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

The farmers of the district will be able to sell all they produce at good prices but there will be a deficiency which will have to be supplied by the farmers of Manitoba. Is it not evident that it will be better for the farmers of Manitoba to have workmen employed in Rat Portage, Port Arthur or Sau<sup>re</sup> Ste. Marie making goods for them and eating the food they produce than to have them employed in the distant cities of the United States, Germany and other foreign countries?

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## WINNIPEG AN INDUSTRIAL CENTRE

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**T**HE city council of Winnipeg at a recent meeting discussed the question of encouraging manufacturing industries to locate in that city. The mayor declared that he had received inquiries from over one hundred different manufacturing concerns asking what inducements the city offered to manufacturers. He said there were millions of dollars' worth of goods being imported which could easily be manufactured in the city giving employment to thousands of men. He thought Winnipeg ought to be in a few years one of the most important manufacturing centres of the Dominion. The old idea that the Northwest must always be merely a farming country, importing all the manufactured goods required, has been exploded. The cities and towns of Manitoba and the territories are looking forward now to a great industrial future. The growing confidence of the people of the Northwest in their country will give strength to protectionist sentiment, for it must be evident to everyone that it will be very difficult to build up prosperous in-

dustries in Winnipeg and other towns of the Canadian Northwest so long as the manufacturing cities across the border have their present unfair advantages. The Winnipeg manufacturer is completely shut out of the United States by the high tariff of that country. He cannot hope to supply the farmers of the Northwestern States with goods, but the low Canadian tariff permits the manufacturers of the Western States to compete with Winnipeg manufacturers everywhere in the Canadian Northwest. The metropolis of Manitoba will have the hearty good-will of the people of Eastern Canada in its efforts to build up manufacturing industries of all kinds.

There is very little doubt that Winnipeg will in a few years have cheap electric power from the St. Andrew's Rapids or the waterfalls of the Winnipeg River. The result must be the establishment of numerous mills and factories in the Northwest metropolis if adequate protection is assured. The maintenance of the protective tariff and the strengthening of weak points in it is, therefore, of very great importance to Manitoba's chief city. Excepting Toronto, no city in Canada has greater reason to fear reciprocity with the United States than Winnipeg. If there were no tariff restrictions between Canada



and the United States the whole Canadian Northwest would become tributary to St. Paul and Minneapolis. Those cities already have very good railway connections with the Canadian West, and under the stimulus of unrestricted reciprocity the railway system of the Northwest would centre in St. Paul and Minneapolis. Winnipeg could have little hope of inducing capitalists to establish manufacturing industries there if the great manufacturing concerns of St. Paul and Minneapolis could send goods freely into the Canadian West.

It is a well established fact in commercial economy that an old, populous and wealthy city where capital is concentrated and great industries established has an advantage over a younger city, even if their natural advantages are equal. In the old days of the Red River Settlement St. Paul and Minneapolis did a considerable business in what is now the Canadian Northwest. If there had never been a tariff wall between the two countries much of the trade that has built up Winnipeg would have gone to enrich the manufacturers and merchants of the Minnesota cities.

Winnipeg's future greatness as a milling, manufacturing and railway centre depends upon the maintenance of protection.

Any weakening of the protective tariff will help the twin cities of Minnesota to take trade from Winnipeg. Any strengthening of the tariff will make it easier for Winnipeg to hold its position as the metropolis of the Canadian Northwest. It is not surprising that a strong feeling in favor of reciprocity is developing in St. Paul and Minneapolis. The wheat growing territory north of the Canadian boundary line is far greater than that south of the boundary. That this immense territory will be rapidly taken up by settlers is now certain. Each year the exodus from the United States to Canada will increase. If the tariff is made as effectively protective as that of the United States all these settlers will be tributary to Winnipeg, and the capital of Manitoba will become one of the greatest cities of the world, but if the protection is removed instead of being strengthened, Winnipeg must play second fiddle to its American rivals.

The development of Winnipeg will be to the advantage of the whole Northwest. Winnipeg is the gateway city of the Northwest and visitors get their first impressions from it. The amount of British and American capital invested in the Northwest will to some extent depend upon the opinion which tourists form of Winnipeg.

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

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## MANUFACTURES OF BRANDON

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

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

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

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

"Although some farm implements and carriages are made in Brandon, yet the industry could be advantageously developed. The nearness of the ranching country makes it possible to manufacture leather as well as boots and shoes, and the excellent railway facilities apply to this industry as well as to others. Clothing of all descriptions might be manufactured here as elsewhere, and the manufacture of crockery and glassware as well as woollen goods must at some time find a foothold in the West, and there is no reason to be offered why Brandon should not be its home. For an abattoir there is an exceptionally good opening owing to Brandon's handy means of access to the northern, western and southern stock raisers, and the closeness with which Brandon is in touch

with the fluctuation of the world's markets. Biscuits and confectionery could be made here at no greater outlay than in other cities, and there is also an excellent outlook for a good electrical firm, a wire fence factory and a broom factory. Another industry for which Brandon is admirably located is that of sugar making. Progressive agriculturists have already carried out careful tests along the line of raising beets and testing, as far as possible, their saccharine properties. In every case, results have been eminently satisfactory, thoroughly demonstrating the fact that the scheme is feasible. The average yield of roots in the district was in the neighborhood of 300 bushels per acre, the soil being particularly well adapted to the raising of beets of all varieties."

## AMBITION OF MEDICINE HAT

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

in England, Germany and other countries across the seas? Adequate protection would cause the establishment of many woollen factories in Saskatchewan as well as Alberta.



## INDUSTRIAL POSSIBILITIES OF ALBERTA

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**N**O part of Canada has more to gain from the adoption of a policy of adequate protection than Alberta. The farms of Alberta are very far from the markets of both the United Kingdom and the United States. Distance from markets means high charges for transportation, which eat up the farmer's profits. Not only must the farmer pay the railway and the steamship companies to carry his products across the continent and over the ocean, but the merchants must pay high freight rates on all the goods they have to sell, and consequently they must charge the farmers higher prices for these goods.

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

factories can be brought closer to the farms.

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

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

district having such great natural advantages as Alberta cannot fail to attract some of them.

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

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

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

Calgary is very favorably situated to become a great distributing centre for Southern Alberta and the town is near enough to the coal fields to get cheap supplies of fuel, so that it ought to be an important manufacturing city. The irrigation project of the Canadian Pacific Railway will, when

carried out, build up a prosperous farming community tributary to Calgary and it will pay the farmers better to sell butter, cheese, eggs, meats, vegetables and other products to workingmen in Calgary than to ship them at great cost for transportation to distant cities in the United States or Europe.

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

Referring to the establishment of this industry in Alberta, the *Daily Times* of Brandon, Man., says: "In Alberta, as in all parts of Canada, the people are learning the great truth that the manufacturing

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

The citizens of Edmonton are proud of the fact that their town is built right over a coal bed that outcrops on the banks of the Saskatchewan. The freetrader who tries to persuade the people of Edmonton and Strathcona that they can never hope to build up big manufacturing cities will have his trouble for his pains. They know that they have all the natural advantages in their favor and they have enterprise enough to make the most of those advantages if adequate protection for home industries is assured. Edmonton and Strathcona are located side by side on the opposite banks of the Saskatchewan. They may remain separate municipalities but commercially

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

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

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

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

"I came over the border a year ago with my brother, as we had heard much of the cheap farms in the Canadian Northwest. We both got good farms not many miles from Wetaskiwin, and are well satisfied with this country, but we miss the manufacturing towns we had so near our farms in Illinois. The great question here is the cost of transporting our farm products on the railways and on the ocean to distant markets. If there were factories in Alberta, a large consuming population would soon grow up in this territory, and we would not need to trouble ourselves very much about transportation. Alberta has every natural advantage for becoming a great manufacturing country. There is coal

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

The development of mining and manufacturing industries in British Columbia is also of great importance to the farmers of



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

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## THE CASE OF BRITISH COLUMBIA

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

OTTAWA, July 13, 1903.

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

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

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

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

on manufactured goods may be a benefit to Canada; I am not disputing that. I am concerned only in learning from you how you expect by high protection to develop gold, copper and silver mining in British Columbia. I am seeking after information, and go at once to the fountain head.

Yours truly,

A MEMBER OF PARLIAMENT.

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

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

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

tain what restrictions on importation may be imposed by the United States. The British Columbia coal miners can never control legislation in the United States Congress. Then it must be remembered that there is coal in British Columbia much farther away from the border than the mines of the Crow's Nest and Vancouver Island are. These mines will never be extensively developed until there are local manufacturing industries.

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

A home demand for their products is not so essential to the gold and silver miners as to the lead, copper, iron and coal miners, but there are many ways in which they would be benefited by the establishment of manufacturing industries. One of

the essentials of successful mining is cheap transportation. Now if the railways have to depend upon gold and silver mining alone for traffic they must charge higher rates than if they have many other sources of traffic to add to their earnings.

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

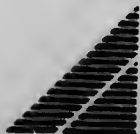
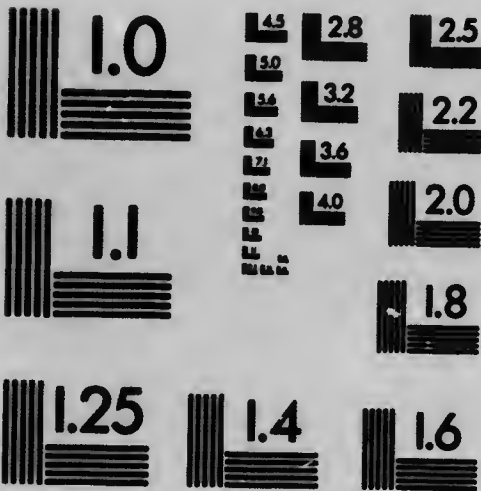
One very important question for British Columbia is "Will the men who make fortunes in gold and silver mining remain in the province?" That will depend largely upon whether British Columbia offers varied opportunities for the investment of capital. Another question is, "What will become of the men who fail in gold mining?" If British Columbia has nothing else to offer them they will drift out of Canada disgusted with their bad luck and spread evil reports about the country, but if there are a variety of mining and manufacturing industries in the province they will soon find work at something else and become contented citizens.





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

## FARMERS OF THE MARITIME PROVINCES

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

quantities of butter if the butter of Denmark, Sweden, Russia and the United States were shut out, and perhaps even in competition with those countries if there were a good steamship service, but unquestionably a good home market would be worth more to the farmers of the Maritime Provinces than any outside market. The coal miners and the workmen employed in the iron and steel works already consume considerable quantities of farm products. The multiplication of such industries will give the farmers a profitable home market at all seasons of the year for everything they produce. Canada imported in 1903 over \$42,000,000 worth of iron and steel and manufactures thereof. If our tariff approximated to that of the United States a considerable portion of these iron and steel manufactures would be produced in the Maritime Provinces. Many other manufacturing industries would be started in the provinces by the sea if our tariff were higher. No other part of the Dominion possesses greater natural advantages for the prosecution of the woollen industry. Ontario woollen manufacturers say that the best wool produced in Canada is that which comes from Nova Scotia and Prince Edward

Island. There are already a few woollen factories in the Maritime Provinces, but they require more protection. An expansion of the woollen industry would not only give employment to a large number of men who would consume farm products, but it would create a local market for wool.

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

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

## NOVA SCOTIA COAL FOR ONTARIO

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

It is not at all likely that the abolition of the Canadian duty on bituminous coal would have any effect upon the price to consumers during a period of scarcity caused by a strike in the United States. Just what effect a permanent arrangement for reciprocity in coal would have upon prices is uncertain. It has been pointed out that even when conditions

were normal the abolition of the duty on anthracite coal caused no reduction in price to consumers in general and that the Pennsylvania anthracite producers, having no competitors, charge Canadian consumers the highest price they can get, tariff or no tariff.

A reciprocity agreement between Canada and the United States would give the New England States the benefit of Nova Scotia coal, but it would leave Ontario at the mercy of the coal producers in Pennsylvania and Ohio, and the consumers in this province would probably have to pay just as much for their coal as they now do. Moreover there could be no certainty for any reciprocity arrangement. Under an agreement for reciprocity in coal between the two countries the Nova Scotia coal companies would have to make expensive arrangements for shipping facilities at United States ports which might be suddenly made useless by the abrogation of the reciprocity agreement.

The present position of Ontario as regards both anthracite and bituminous coal is that it is absolutely dependent upon one foreign country for supplies. Ontario's supply of coal is liable to be suddenly cut off by conditions over



which our Government has no control. A prolonged strike or a revolutionary outbreak in the United States would place the province in a very unenviable position. If the recent strike had lasted a little longer the United States Government would probably have prohibited the export of coal. The constitution of the United States does not permit the imposition of export duties, but there is nothing to prevent the prohibition of coal exports.

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

It may be said that in case of the sudden withdrawal of United States coal supplies from Ontario owing to war or

industrial disputes the Nova Scotia coal output could be increased and the whole of it immediately diverted to Canadian uses, but the output could not be suddenly increased, nor could transportation be provided at short notice.

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

The Dominion Government derives from the duty on bituminous coal an annual revenue of about \$2,200,000 and this is constantly increasing. The abolition of the duty would mean the loss of this amount of revenue annually. If this revenue could be so applied as to give Ontario the coal while fostering the Canadian coal industry it would be far better for the country than to throw away the revenue without any certainty that the United States' coal producers would supply us with coal any cheaper than we get it at present.

The sum of \$2,200,000 annually would pay the interest on over seventy million dollars at three per cent., the rate at

which the Government can borrow money. A great deal might be done with \$70,000,000 in the way of cheapening transportation between the Maritime Provinces and Ontario both by rail and water.

The Intercolonial Railway from Montreal to St. John, Halifax and Sydney, with branches to almost every important centre in New Brunswick and Nova Scotia, cost only \$72,735,935 for construction and equipment up to date of June 30, 1904. Probably for less than that amount the system could be extended to Georgian Bay and all the important distributing centres in Ontario, with a steamship line between the Georgian Bay terminus and Port Arthur.

It only cost \$69,245,933 to construct the whole system of canals from Montreal to Lake Superior, including the Lachine canal, the Soulanges canal, the Cornwall canal, the Williamsburg canal, the Farran's Point canal, the Rapide Plat canal, the Galops canal, the Murray canal, the Welland canal, the Sault Ste. Marie canal, the dredging of channels in Lake St. Louis and Lake St. Francis and other improvements.

The Dominion Government recently had a survey made by experienced engi-

neers to ascertain the cost of improving the Ottawa River and connecting it with Georgian Bay, providing navigation from Montreal to Georgian Bay for boats drawing 20 feet of water. The engineers reported that the cost of such a canal system would not exceed \$72,627,000, and it would completely revolutionize transportation conditions, enabling the largest boats that navigate the upper lakes to go through from Lake Superior to Nova Scotia without breaking bulk. Montreal would be brought within 615 miles of Sault Ste. Marie, and ocean vessels at that great Canadian port would be only fifteen miles farther from the grain elevators of Lake Superior than the canal boats at Buffalo are. Coal, iron and steel from Nova Scotia could be cheaply laid down at points all along the Ottawa River, Georgian Bay, Lake Huron, and Lake Superior, and distributed throughout the Province of Ontario. Boats bringing coal from Nova Scotia to Ontario ports could take back Lake Superior iron ore, flour, and a great variety of other Ontario products, including manufactured goods.

The opening of this short route would greatly stimulate the development of Canadian resources, increase the wealth

and population of the country and create many new sources of revenue which would more than offset any decline in revenue from coal duties due to the displacement of American coal by Nova Scotia coal.

There is another way in which a coal trade between Ontario and Nova Scotia could be quickly established. The Government might apply the revenue derived from the bituminous coal duty to bounties for ships carrying coal from Nova Scotia to Ontario Lake ports, the amount of bounty being in proportion to the distance west of Montreal the coal is carried. If it were provided that only boats built in Canada from Canadian steel could draw these subsidies a double purpose would be served, as they would stimulate Canadian shipbuilding while enlarging the home market for Nova Scotia coal, and reducing the price of coal to Ontario consumers.

For many years it was supposed that as soon as the enlargement of the St. Lawrence canals was completed a coal trade would be established between Nova Scotia and Western Ontario. No effort whatever has been made as yet to develop such a trade. Without trial, without investigation, the country has de-

cided that it would not be profitable. Even the Montreal trade, now so profitable to the Nova Scotia coal companies was at one time thought scarcely worth cultivating.

All the coal that comes to Ontario from the United States must be carried part way by rail, but Nova Scotia coal could be carried all the way from Sydney or Pictou to Toronto or Port Arthur by water. The enlargement of the St. Lawrence canal system creates a new situation in Canada. Boats drawing 14 feet of water can now pass from Nova Scotia to the head of the lakes, and there is very little doubt that Nova Scotia coal can be profitably carried to Ontario, but the business must be started and it is difficult to get trade into new channels without some kind of Government encouragement. The most progressive commercial nations have recognized the necessity of subsidizing steamship lines in order to encourage trade with distant countries. For many years after the adoption of free trade the British Government paid enormous bounties to steamship lines running to different parts of the world. To a single line of steamers running alternate weeks from Liverpool to Boston and

New York the British Government paid about nine hundred thousand dollars annually and continued to pay at this rate for twenty years after the adoption of free trade. This system was continued until the British mercantile marine was so well established that there was no longer fear of competition and then the subsidies were withdrawn.

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

In all probability as the consumption of Nova Scotia coal increased in Ontario the imports of United States coal would decrease and consequently the revenue available for subsidies would fall off, but this would come about gradually, and in the meantime a trade would be developed by the water route which would probably prove profitable without subsidies.

Any one of the three plans above outlined would probably have more effect in cheapening coal for Ontario consumers than the abolition of the coal duty,

but the one which would, in the opinion of the writer, be of most permanent value to the Dominion is the construction of the Ottawa and Georgian Bay canal.

The competition of Nova Scotia coal would probably ensure lower prices to Ontario consumers at ordinary times than they would get if the duties were abolished giving the coal operators a monopoly, while in case of prolonged labor troubles in the United States the certainty of being able to procure supplies of coal from Nova Scotia would be of immense value to Ontario. Even if the relations of the American miners and their employers should always be satisfactory a strike on United States railways might tie up the coal supply to such an extent as to cause a great shortage of coal in Ontario.

The Canadian Government can do nothing to facilitate the adjustment of labor disputes in the United States, but it has power to take action in Canada. Moreover, it should be noted that any arrangement made for reducing the cost of transporting Nova Scotia coal to Ontario would not make us absolutely dependent on the Nova Scotia supply. We would still have the same liberty to im-



port from the United States that we have at present, so that the position of the Ontario coal consumer would be decidedly improved.

Immense quantities of Ontario manufactured goods are sold in Nova Scotia and every additional miner employed increases the demand for Ontario manufactured goods as well as for flour made in Ontario and Manitoba. The miners employed in Pennsylvania and Ohio do not buy any goods from Ontario manufacturers, nor do they consume any Canadian flour.

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## PATRONIZE CANADIAN PORTS

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

It is as desirable that Canadian business should be done through Canadian ports as that goods for Canadian consumption should be made in Canadian factories. The business that goes through Montreal and Quebec in summer should pass through St. John and Halifax in winter. The Government commission which has been appointed

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

The merchants and manufacturers of Ontario should endeavor to help their fellow Canadians in Halifax and St. John by giving a patriotic preference to Can-

adian ports. Preference for Canadian ports should be as much a part of the National Policy as protection for Canadian manufactured goods.

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

As a matter of fact Canada has at least fourteen harbors on the Atlantic coast that are open throughout the year, viz., St. John, N.B., St. Andrews, N.B., Halifax, N.S., Louisburg, C.B., Yarmouth, N.S., Digby, N.S., Annapolis, N.S., Barrington, N.S., Liverpool, N.S., Lockport, N.S., Lunenburg, N.S.; Parrsboro, N.S., Shelbourne, N.S., and Country Harbor, N.S. The magnificent harbor of Sydney is sometimes open throughout the year, but in severe winters it is closed for a short time. The harbor of St. John is 184 miles farther from Montreal than Portland, but it is 156 miles nearer to Liverpool than the Maine port, so that the actual distance in favor of Portland is very slight. As regards time, a passenger leaving Montreal for Liverpool by way of the Canadian Pacific Railway and St. John,

would get to England more quickly than by way of Portland because a fast railway train could run over the 184 miles of track more quickly than a fast ship could go over the 156 miles of ocean. The port of St. John has been absolutely free from ice in the severest winters ever known, and this cannot be said of Portland. The railway distance from Montreal to St. John, via the Intercolonial, Temiscouata and Canadian Pacific Railway lines entirely through Canadian territory is 533 miles as compared with 481 miles by the C.P.R. short line through Maine, but the grades are much easier, and with an equally good railway, trains could make the distance more quickly. If a railway were constructed from Winnipeg to St. John by the shortest possible route it would bring this Canadian port nearer to the Canadian Northwest than Portland is.

Halifax harbor is 594 geographical miles nearer to Liverpool than New York is and has been declared by British naval authorities to be the finest harbor in the Empire. It is six miles long, one mile wide, and opens into Bedford Basin, a deep land-locked bay six miles long by four wide. It is easy of access, open throughout the year and has the

advantage of being nearer to coal fields than any Atlantic port of the United States. If boats as fast as those which run from New York to Liverpool were placed on the route between Halifax and Liverpool there is no doubt that Canada would become the great highway of travel between Europe and America.

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## CANADIAN MONEY FOR CAR- NEGIE

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

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

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## WHEN BRITAIN HAD PROTECTION

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THOSE who believe that all Great Britain's progress has been due to the adoption of free trade should read the speech made by Henry Clay before the United States House of Representatives when the protective tariff bill of 1824 was being discussed. Mr. Clay, who has been called the father of protection in the United States, made a statistical comparison between Great Britain and other countries of Europe, showing how greatly the British people had prospered under protection.

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

In conclusion Mr. Clay said: "The committee will observe that the measure of the wealth of a nation is indicated by the

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

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

## RUINED BRITISH FARMERS

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

that Commission disclosed a ruinous state of affairs. Sir James Caird estimated the loss of farmers' capital in six years at £38,000,000 sterling. Sir Robert Giffin admitted that there had been an enormous depression, involving losses equivalent to what is usually considered the whole of the farmers' profit. The evidence showed that the inroads made on agricultural capital rendered it impossible to continue good farming, and in many cases the land had sunk in condition and become foul, had run to weed and gone out of cultivation. In 1903 the condition of our agriculture had gone from bad to worse, and a Royal Commission was again appointed to inquire into its depression. The report of this commission showed that the ruin was complete, especially with regard to arable land. Mr. Pringle, the Assistant Commissioner, prepared a ghastly map of a portion of Essex, formerly a prosperous wheat growing district. The map is strewn over with a profusion of black patches, indicating the farms that have passed from good wheat cultivation to coarse, weedy pasture. The whole report teems with evidence showing that, in many cases rent has been entirely paid out of capital, that the capital of far-

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

in Italy 104 per cent. In like manner the production of wheat has increased in France 44 per cent., in Germany 100 per cent., in Holland and Belgium 100 per cent., in Italy 135 per cent."

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## SPECIFIC AND AD VALOREM DUTIES

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



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

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

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

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

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

It is impossible for customs officers throughout the country to a'ways determine exactly the prices of all kinds of

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

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

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

The general adoption of specific duties has been advocated in the United States on the ground that such a system would place every importer, large or small, upon the same footing as regards duties,

that it would give both importers and manufacturers a more certain basis of calculation for their transactions, would deprive the dishonest importer of an unfair advantage over his honest rival, and would considerably increase the revenues of the Government, because the amounts now pocketed by dishonest importers and by Government detectives and informers would go into the public treasury.

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

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

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

## AN UNSTABLE TARIFF

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

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

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

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

## THE LEAKY ROOF



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



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## WHEN PRICES GO DOWN

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

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

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

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

ly, the decline in prices extending over a number of years.

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

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

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

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

## PREPARE FOR WINTER IN SUMMER

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

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

∇ the temperatures of Canada were the same throughout the year as they are during the summer months our way of living would be very different. The cost of our houses would be greatly re-

duced and we would spend far less money on clothing. Most of our building operations are conducted in summer, but the builder always has the rigors of winter in mind, and no matter how warm the weather may be when a woman goes house-hunting one of the first questions she asks is, "Will it be warm in winter?"

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

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

No method of warding off either winter or hard times has yet been discovered, but just as the cold of winter can be made endurable and even pleasant by taking proper precautions, so the worst effects of commercial depres-

sions may be prevented by wise fiscal measures.

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

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

## IS THE DYKE HIGH ENOUGH?

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



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

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

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

## A CHAPTER OF HISTORY

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

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

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

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

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

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

war, all helped to create a demand for American farm products at high prices, while at the same time preventing outside competition with American manufacturers. The manufacturers who had formerly been bitterly hostile to the Democrats, were now quite reconciled to Democratic rule, and in the election of 1856 the party was again victorious. But signs of trouble began to appear. British manufacturers, finding the home demand for their goods rather slack, commenced to slaughter them in the United States. The low tariff which had furnished sufficient protection during a period of world-wide prosperity, became altogether inadequate. The manufacturers began to ask for higher protection as soon as the storm clouds appeared, but the free trade element argued that the lowering of the tariff in 1846 had had such satisfactory results that another reduction in duties would be the most effective means of warding off calamities. This opinion prevailed and in 1857 the tariff was again reduced. The result was most disastrous, a commercial panic immediately following which prostrated almost every industry in the country, bringing ruin and distress to thousands of homes.

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

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

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

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



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

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## MIGHT ESCAPE DEPRESSION

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**T**HE experience of the world shows that periods of prosperity and depression alternate under both free trade and protection, under high tariffs as well as under low tariffs. Yet there is reason to believe that Canada might escape the depression that is certain to come very soon in nearly all civilized countries by raising the tariff at the present time high enough to fully protect all Canadian industries.

During the last seven years the Americans have been manufacturing at home almost everything they required. The home demand has been enormous and any falling off in home consumption must necessitate a great reduction in output unless a market can be found abroad for the surplus. In Canada, on the other hand, while the consumption of goods has been almost as great per head of population as in the United States the demand has been largely supplied by foreign manufacturers. Now, if the Canadian Government should decide to increase the protection just as

the period of world-wide prosperity is drawing to a close, it might not prevent a decline in consumption taking place in Canada in common with all other countries, but the foreign goods shut out by the increase in the tariff would be largely replaced by Canadian goods and thus while the total consumption of goods in Canada per head of population might be less during the period of world-wide depression than it has been during the last seven years of prosperity the demand for Canadian goods would probably be as large as ever. Canada would thus enjoy good times while other nations were suffering from depression; the news of our prosperity would go abroad; immigrants would flock to the Dominion from the United States, the United Kingdom and all the countries of Europe; and Canada would get a start during the first decade of the century that would ensure for the remainder of the twentieth century a development even greater than the United States enjoyed during the nineteenth century.

## THE SEVEN FAT YEARS

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

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

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

### Value of United States Exports

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

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

were about 16,000,000 families in the United States.

### **The Bank Deposits of the United States**

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

### **Bank Clearings of the United States**

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

### **Money in Circulation in the United States**

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

### **Freight Carried by Railways**

The quantity of freight carried one mile by the railways of the United States in 1902 was 156,623,166,024 tons as compared with 93,885,853,634 tons in 1896.

### **United States Post Office Receipts**

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

1903 as compared with \$82,499,208 in 1896, a greater increase in seven years than took place during the previous 17 years.

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

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

## A BANK MANAGER'S TESTIMONY

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

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

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

This is a business question, and the great majority of Canadian business men,

irrespective of party, believe in a thorough revision of the tariff that will give all Canadian industries sufficient protection to secure them against unfair competition during a period of depression.

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## MR. CHAMBERLAIN ON HARD TIMES

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

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

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

## "A MAN OF STRAW"

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

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

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

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

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

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

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

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

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

When a manufactured article or a raw material must be imported we should so far as possible give the preference to the countries of the British Empire, but in some cases it may be necessary to im-

port from the United States or some other foreign country, and the tariff should be adjusted accordingly.

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

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

## THE MANUFACTURERS' ASSOCIATION

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

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

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

“That, in any such revision the interests of all sections of the community, whether of agriculture, mining, fishing, or manufacturing, should be fully considered, with



a view not only to the preservation, but to the further development of all these great natural industries.

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

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

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

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

Mr. George E. Drummond, who was for the year 1903-4 president of both the Canadian Manufacturers' Association and the Montreal Board of Trade, in the course of an address at the banquet of

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

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

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

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

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

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

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

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

"It is not intended that the Canadian tariff shall be item for item the same as that of the United States. *Canadian conditions must be taken into consideration in regard to every individual item.*"

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

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

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

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

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

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

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

## EACH MAY LEARN FROM THE OTHER

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

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

The adoption of a high protective tariff by Canada would not give the Canadian people immunity from commercial depressions, which affect all civilized coun-

tries, but it would help us to safely weather such depressions and would have the effect of building up in Canada a great industrial nation rivalling the United States in numbers and wealth.

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COMBINES IN BRITAIN



(See pages 220 to 240)





## COMBINES IN BRITAIN

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

industry that the trade is to-day one of the most envied in the country. Since then it has been tried by the makers of spring mattresses, cased tubes, spun mounts, rolled metal, brass wire, metal tubes, iron and brass feeders, china, furniture, electrical fittings, pottery ware, common building bricks, and iron, brass and electroplated coffin handle plates and ornaments. Amongst other manufacturers who are taking it up are the makers of jet and Rockingham wares (potteries) galvanized hollow ware, and brass and iron pins."

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

Nordenfelt Guns and Ammunition Company. Now they boast of being the only firm capable of turning out a battleship complete in every respect." The firm of J. & P. Coates, of Paisley, after being formed into a limited liability company for the manufacture of sewing thread with a capital of £5,750,000, absorbed Kerr & Company, and Clarke & Company of Paisley, Chadwick & Company of Bolton, and Jones, Brook & Company of Meltham, the capital being raised to £10,000,000, on which a dividend of 20 per cent. is being paid. In December, 1897, the English Sewing Cotton Company, consisting of an amalgamation of fifteen firms was floated with a capital of £2,000,000. Messrs. Coates took a large amount of the stock and it was thought that this would lead to an amalgamation with the great Paisley combination. In 1899 the new firm absorbed the Glasgow firm of R. F. & J. Alexander with a capital of £475,000. Seventeen firms of cotton spinners, mostly in Manchester and Bolton had combined under the name of the Fine Cotton Spinners' and Doublers' Association, Limited, with an immense capitalization. The Bradford Dyers' Association, Limited, is another combination which in 1899 em-

braced twenty-two firms with a capital of £4,500,000 and employing 7,500 men. As a result of a recent amalgamation of several coal companies one combination employed 12,000 men, and an attempt has been made to consolidate all the coal companies. In the distributive coal trade W. Cory & Sons, Limited, formed by the union of eight large firms, handled 5,000,000 out of 8,000,000 tons of coal that reached London by sea in 1899.

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

cheap restaurants of London are in the hands of four or five firms. The London milk trade is in the same condition. One tobacco company has over a hundred branches.

Where monopolies do not exist in the retail trade combines are generally arranged to control prices. The bakers, for instance, have a price list, and should any baker break away from it he is speedily starved out by the combination of the other bakers to reduce prices still lower. After he is disposed of the prices are raised again. The larger breweries have almost wiped out the private publican by taking over licenses through their nominees, and converting public houses into what are called "tied houses" bound to sell only particular kinds of liquor. Some of the large millers are getting a similar control over the baking trade by setting up employees of their own in bakers' shops, or by granting credit on condition of exclusive dealing.

"The Proprietary Articles Trade Association," consisting of both wholesale and retail chemists and druggists, is an extensive organization. It was organized in 1896 and one year later included 1,700 retailers and nearly all the wholesale firms. The members bind them-

selves not to sell below fixed wholesale and retail prices. A statement published by the Association in the *Pharmaceutical Journal*, says: "The plan by which prices are secured is simple. The proprietors of articles upon our list undertake to withhold supplies of their articles from any firm selling any one of them below the minimum prices or from any firm who after due notice supplies such a cutter with any of the goods."

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

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

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

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

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

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

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

Taking into consideration the fact that the population of the United States is already nearly twice as great as that of the United Kingdom, and that the area of the country is immensely greater, it must be admitted that the British trusts and combines have proportionately greater capitalization than those of the United States. Hazell's list is as follows:



| Company                             | Industry                  | Firms<br>combined | Capital    |
|-------------------------------------|---------------------------|-------------------|------------|
| Nobel Dynamite Trust Co. ....       | Explosives ...            | 4                 | £2,785,000 |
| Bath Stone Firms .....              | Stone ...                 | 7                 | 250,000    |
| Horrockses, Crewdson & Co. ....     | Cottonspinners ...        | 3                 | 925,000    |
| The Salt Union .....                | Salt ...                  | 64                | 2,600,000  |
| United Alkali Co. ....              | Chemicals ...             | 51                | (reduced)  |
| Leeds Fireclay Co. ....             | Fireclay ...              | 7                 | 8,420,500  |
| Buxton Lime Firms Co. ....          | Lime ...                  | 12                | 1,260,000  |
| J. & P. Coats .....                 | Thread ...                | 5                 | 522,400    |
| W. Cory & Sons .....                | Coalselling ...           | 8                 | 11,180,000 |
| Wilson's & Furness Leyland Line ... | Shipping ...              | 3                 | 2,730,000  |
| English Sewing Cotton Co. ....      | Thread ...                | 15                | 314,000    |
| Armstrong, Whitworth & Co. ....     | Engineering, etc ...      | 2                 | 3,000,000  |
| Shell Transport & Trading Co. ....  | Shipping and Oil ...      | 11                | 5,954,850  |
| Vickers, Sons & Maxim .....         | Steel Shipbuilding, etc.. | 6                 | 3,000,000  |
| Broomhill Collieries .....          | Coalmining ...            | 4                 | 6,450,000  |
| A. & J. Stewart & Menzies .....     | Tubes ...                 | 4                 | 675,000    |

(See *Stewart & Lloyd*)

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

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

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

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

## INTERNATIONAL TRUSTS

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

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

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

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## MR. CHAMBERLAIN MISREPRESENTED

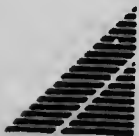
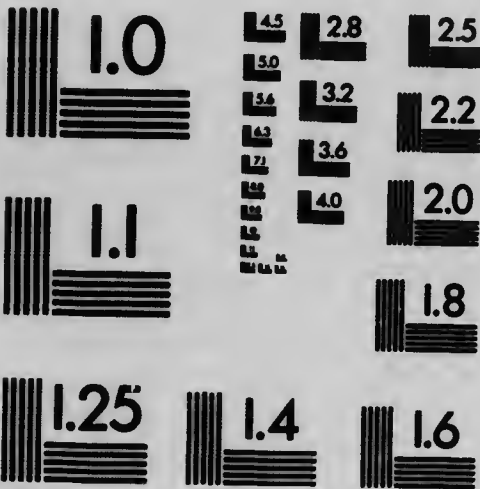
A NUMBER of free trade newspapers and public men after trying for years to persuade the farmers that Canadian manufacturers were their enemies and that protection for manufacturers meant ruinously high taxation for farmers, have suddenly become exceedingly solicitous lest the adoption of Mr. Chamberlain's policy may mean ruin to Canadian manufacturers or at least prevent the establishment of new industries in Canada. Prof. Shortt, of Queen's University, a free trader, who a few months ago went out of his way to attack Canadian manufacturers because they wished to preserve the home market for Canadians, addressed the Canadian Club of Toronto in opposition to the Chamberlain policy on Dec. 11, 1903. He said, that "we could not undertake to curtail our varied expansion," in order to keep British workmen at work. "Canada," he said, "could not afford to put herself back to the position of New Zealand or even Australia. Our lead has been obtained by the development





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of our varied resources and no nation could be strong by the development of any one interest. A country could not be great which was only one large rural district and whose inhabitants were cut off from great intellectual centres. Therefore, we could not meet the request that we should curtail our normal development and devote ourselves to supplying food or other raw materials and limit our manufacturing to primary industries."

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

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

all passed resolutions endorsing Mr. Chamberlain's campaign.

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

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

to their own necessities, and that I am prepared to stop their progress, close it down absolutely and arbitrarily, in order to secure certain advantages for this country. I have never said anything of the kind, but it is printed as though it were a paraphrase of what I have said (cheers). I have said nothing of the kind, and nothing of the kind would be possible if I had said it. No, sir, the colonists, I think, know me. They know that under no circumstances do I want to interfere with their commercial freedom any more than I should like them to interfere with our commercial freedom. We have given them full power to decide for themselves as to what their fiscal policy should be. When we come together in negotiation, we shall see how far we can arrange our fiscal policies to suit mutual interests. Neither has the right to say to the other, "You shall do this or you shall do that; or you shall be blamed if you do not do it" (cheers). And in the second place they know that I would be the last man to propose to stereotype their progress. They will be great nations in the future. Small nations now, but in imagination cannot you see what they are certain to become? It is possible that in the life of children now living the population of these self-governing colonies may be greater than the population of the Mother Country. Think not only of the present and ourselves, but think of the future, when these great States have become great nations—whether it is to be that you have travelled with them and

they with you, or whether they are to be separately established, separately considered, and with separate interests."

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

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

"That is reasonable enough" is the opinion of this important British newspaper regarding the attitude of the Can-

adian Manufacturers' Association. The stand taken by this Association is well known to British public men. Not only has it been published in British newspapers, but when the delegates from the Chambers of Commerce of the Empire were in Canada the Association's position was made clear to these gentlemen. There is no doubt that Mr. Chamberlain is well acquainted with the views of the Canadian Manufacturers' Association and he does not consider them antagonistic to his policy. The plain words of his Tynemouth speech make it evident that he does not expect any sacrifice of Canadian industries.

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**A LETTER TO  
MR. W. K. McNAUGHT**

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**T**HE Canadian Manufacturers' Association has frequently been charged with insincerity in advocating Imperial Preferential Trade while at the same time insisting that the minimum tariff should afford adequate protection to Canadian industries. It has been alleged that the Canadian manufacturers were deceiving the British people and holding out false hopes of a lower Canadian tariff. There has never been the slightest foundation for the charge of deception. The attitude of the Canadian manufacturers has been clearly stated from first to last and is well known to British advocates of preferential trade. Briefly summarized their policy is that the development of Canadian home industries should be the chief end of the tariff, but that so far as possible everything that cannot be obtained from Canadian producers should be imported from countries of the British Empire. It is an undoubted fact that the most highly protected countries import enormous quantities of goods, and in spite of protection Can-



ada's imports will increase as the country develops in population and wealth. The policy of the Canadian Manufacturers' Association is to divert into British channels as much as possible of this rapidly developing external trade. The views of Canadian manufacturers were forcibly stated by Mr. W. K. McNaught, chairman of the Tariff Committee of the Canadian Manufacturers' Association, in a letter to Hon. Joseph Chamberlain some months ago. Mr. McNaught said:—

"I can assure you that as a rule the Canadian manufacturers are heartily in sympathy with preferential trade throughout the Empire, and although they are desirous of building up Canada by protecting Canadian industries, even against the Mother Country, they are also equally desirous of helping British manufacturers by transferring to them as much of our trade as possible which is now being done by foreign countries. I am satisfied from what I know of Canadian conditions that a Canadian tariff could be framed by experts which would not only protect Canadian industries, but bring about a large increase of trade between Canada and the mother country. In other words, while Canadian manufacturers want to make all the goods they can they prefer that what they cannot make shall be supplied us by our kinsmen in Great Britain rather than the artisans of any foreign nation."

In reply to this Hon. Joseph Chamberlain wrote to Mr. W. K. McNaught as follows:—

“I have noted with great satisfaction the general patriotic spirit in which the manufacturers of Canada have received the proposals for preferential trade, and I entirely agree with them that a tariff can be easily framed which will not interfere with the development of Canadian industries, but will, nevertheless, leave open the way for a great increase of trade between her and the mother country.

“I have never assumed that Canadian loyalty was dictated by interest; but, in the affairs of this world, sentiment, however strong, is none the worse for being associated with mutual advantage. It is impossible in view of the development of other Empires to regard the future without anxiety if the different States of the British Empire are each to stand isolated and apart from the rest; whereas a real union on some line of elastic organization would make the British Empire the strongest and most prosperous in the world.”

Thus it will be seen that the policy of the Canadian Manufacturers' Association has been endorsed by Hon. Joseph Chamberlain himself.

## A PREFERENCE WITHOUT SACRIFICE

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SOME of the British advocates of Imperial Preferential Trade seem to have a false conception of the attitude of the Canadian people. Canadians in general undoubtedly sympathize with Mr. Chamberlain, but Canada's allegiance to the Empire does not depend upon the success of Mr. Chamberlain's campaign. Indeed, Canadians do not wish the British Government to adopt such a policy until the British people are satisfied that it will be advantageous to the United Kingdom as well as to the Empire at large.

"What can Canada offer in return for a preference?" is a question frequently asked. The fact that Canada now gives a preference to British goods seems to be generally overlooked or regarded as of no importance. Yet, if this preference were granted to Germany instead of to Britain, if German goods could enter the Canadian market at a lower rate than British goods, British manufacturers would think that they were placed at a great disadvantage. The preference which is considered of little or no value when granted to Britain would be re-

garded as a great thing if given to any foreign country. But will Canadians increase this preference in favor of British goods in return for a preference in the British market? There is only one way in which they can do so without sacrificing Canadian interests, and that is by increasing the general tariff against foreign countries.

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

A few of the Canadian manufacturers are entirely opposed to the principle of a preference because they have suffered so severely from the preferential clause of the Fielding tariff that they fear any form of preference, but the great majority of Canadian manufacturers approve of the principle of an Imperial prefer-

ence, provided that the minimum tariff shall be high enough to afford adequate protection to Canadian industries. They favor the raising of the general tariff so that when the preference is granted industries which are now suffering severely from British competition will have fair protection, but at the same time British manufacturers will have a great advantage over foreigners in supplying us with whatever we may require to import. If the plan proposed by the Canadian Manufacturers' Association and approved almost unanimously by its members is adopted, the Canadian tariff against British goods will average higher than the present tariff against British goods, but it will be very much lower than the tariff which the United States imposes on British goods.

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

but the increase in the Canadian protection against foreign countries combined with a preference for Canadian products in the British market would so stimulate the development of Canada that there would be a large increase in the total imports from Britain. Notwithstanding the high protective tariff of the United States that great country imported in 1903 \$1,025,719,237 worth of merchandise.

Under our present system we buy what we do not produce in Canada chiefly from foreign countries and the United States is getting a larger share of our trade every year without giving us a fair return. Under the system proposed by the Canadian Manufacturers' Association what we cannot produce in Canada will be imported chiefly from countries of the Empire. If Canada's tariff at present averaged about as high as the United States tariff with no preference in favor of British goods, would not British manufacturers be glad to get a reduction of  $33\frac{1}{3}$  per cent.? If the United States Congress would give British manufacturers a preference of  $33\frac{1}{3}$  per cent., lowering their tariff against British goods to that extent while maintaining it against other countries, would not the British people be

pleased? Undoubtedly they would. Then such a preference as the Canadian manufacturers are willing to concede is better than no preference at all, taking for granted the fact that a general increase in the Canadian tariff is inevitable, as it is demanded by the great majority of the Canadian people.

The policies of free trade and protection have been thoroughly tested by the world, and the result is that the nations are becoming more and more protectionist. In no country is protection sentiment growing more rapidly than in the Canadian Dominion, and there can be no doubt that adequate protection is to be the future policy of Canada. Will it not be an advantage to Britain to be exempted to a considerable extent from future increases in the Canadian tariff? The Wilson-Gorman tariff passed by a Democratic Congress of the United States during the Cleveland administration averaged considerably higher than the present maximum tariff of Canada and higher than the Canadian tariff on British goods would be if the increases asked for by Canadian manufacturers were granted. Yet the Wilson-Gorman tariff was much lower than either the McKinley tariff, which

preceded it, or the Dingley tariff, which is now in force in the United States, and the Republicans called it a free trade measure. Will anyone argue that the British people would not have been pleased if the United States Congress when adopting the high Dingley tariff in place of the comparatively low Wilson-Gorman tariff had inserted a clause giving the countries of the British Empire such a preference that most of the increases in the tariff would not apply to goods imported from them?

According to the Canadian Trade and Navigation returns the total value of imports for consumption in Canada in the fiscal year 1904 was \$251,464,332, including \$7,874,313 of coins and bullion. The imports of merchandise from the United Kingdom were only valued at \$61,724,616, including foreign goods imported from Britain, while the imports of merchandise from the United States were valued at \$143,010,578. Canadians sent to foreign countries during the fiscal year 1904, for iron and steel and manufactures of iron and steel, \$32,051,590, while they only imported \$9,101,199 worth from British countries. A general increase of the Canadian tariff against foreign countries would give British



manufacturers a larger preference than they have now, and while it would cause the establishment of many new industries in Canada and the extension of old industries, it would divert a great deal of the trade now done with foreign countries into British channels.

During the fiscal year 1903 there were entered for consumption in Canada 187,232,471 pounds of German sugar while only 98,843,357 pounds of sugar were imported from British Guiana and the British West Indies, but during the following year only 30,528,530 pounds of German sugar were imported for consumption, while the imports of sugar from British Guiana and the British West Indies for consumption in Canada increased to 274,477,706 pounds. This extraordinary change was due to the combined effect of Canada's preferential tariff in favor of British countries and the surtax on German goods. It is a good illustration of the way in which trade may be diverted into new channels by a preferential tariff.

In considering the value of a Canadian preference the British people should remember that Canada is a country of vast area and great natural resources which are now being rapidly developed.

There is very little doubt that the population will multiply as rapidly during the twentieth century as that of the United States did in the nineteenth century. The total value of imports for consumption in Canada in the fiscal year 1895 was only \$105,252,511 as compared with \$251,464,332 in the fiscal year 1905. The commerce of the Dominion will increase in volume as the country grows in population and wealth and the most effective way of diverting it into British channels is to impose a high tariff on foreign products.

It should be our first aim to give work to those British citizens who are within the borders of our own Dominion, but when we have to go abroad to supply our wants, as we must always do to a great extent, we should give our fellow citizens in other countries of the Empire a preference over foreigners. If the people of the United Kingdom will in return buy from the colonies those things which they may find it necessary to get abroad, all parts of the Empire will be benefited.

Canadian manufacturers do not favor the sacrifice of Canadian industries for the sake of a preference in the British market nor do they wish the British peo-

ple to make any sacrifices for the sake of Canada, but they believe that without any sacrifice on either side the tariffs of the two countries can be so arranged that they will be mutually benefited.

All that is asked for is a readjustment of taxation which would not in any way increase the cost of living to British consumers. If the British people cannot see that such a readjustment would cost them nothing, we do not wish them to make it for the sake of Canada, but if we can persuade them that they can help the colonies in this way without hurting themselves, the Empire will be greatly strengthened by such a reciprocal arrangement.

During the year ending December 31, 1904, the United Kingdom derived a revenue of £35,774,445, equal to \$174,114,223, from customs taxes. According to the census of 1901 the population of the United Kingdom in April, 1901, was 41,607,552 and the rate of increase in population for the previous ten years was 9.9 per cent. Assuming the rate of increase to be maintained the population in 1904 would be about 42,843,000. So the customs tariff taxation of the United Kingdom amounted to about \$4.06 per head of population. The customs revenue of

the United States for the fiscal year 1904 was \$261,274,565 and the population was estimated by Government statisticians to be 81,752,000, so that the customs taxation amounted to \$3.19 per head of population. Thus the British people actually paid more customs taxes per head of population than the people of the United States. Britain also levied at its ports a larger amount of customs duties than any other country in Europe, as has been pointed out by Mr. Thomas Gibson Bowles, a member of the British Parliament, but whereas the British duties were levied on a few articles, most of which were not produced in the country, the United States, Germany, France, Canada and other protectionist countries imposed duties on a great many articles and so arranged them as to afford protection to the home producers.

According to the British Trade and Navigation returns the gross amount derived from the customs duty on tea for the year ending December 31, 1904, was £7,912,856, equal to \$38,511,000, while the customs duties on coffee, chicory and cocoa produced a gross amount of £511,408, equivalent to \$2,489,000, so that the gross amount produced by duties on

tea, coffee, chicory and cocoa was £8,424,264, equivalent to about \$41,000,000.

The total quantity of tea entered for home consumption during the year ending December 31, 1904, was 256,509,731 lbs. Of this quantity 155,104,198 lbs. were imported from the British East Indies and 79,398,905 lbs. from Ceylon, a total of 234,503,103 lbs. of tea from British possessions and only 22,006,628 lbs. from other countries, a little less than one-tenth of the total coming from foreign countries. The tax on tea was increased in 1904 from 6d. to 8d. per pound. The higher tax was only in force for a portion of the year or the revenue would have been greater. The tax has since been reduced to 6d. per pound. If this lower rate had been imposed on the 234,503,103 lbs. of tea imported from British possessions it would have yielded revenue to the amount of £5,862,577, equivalent to over \$28,533,162. The immense quantity of tea imported for consumption in the United Kingdom shows that the beverage is used in almost every British household. Therefore if the tax were taken off tea imported from British possessions the whole community would be relieved of taxation on what is regarded by British people as a table

## EXCHANGE IS NO ROBBERY

Tax on tea imported from British possessions  
wiped out . . . . . £5,862,577

Preferential duties imposed on foreign flour,  
wheat, oats, peas, beans, cheese, fish,  
meats and poultry . . . . . £5,781,234



John Bull to Mrs. Bull.—This exchange will cost us nothing and it will help our children in the colonies. (See page 263).



necessity, and taxes to the same amount could be imposed on food imported from foreign countries without increasing the burden of taxation.

If a customs tax of fifteen per cent. were levied on foreign flour and wheat meal, a tax of ten per cent. on foreign wheat, oats, peas, beans, cheese, fish and poultry, alive or dead, and a tax of five per cent. on foreign living animals imported for food and foreign dead meat, these taxes would altogether produce less than the revenue derived from the tax of six pence per pound on tea imported from British possessions. If such taxes had been imposed upon the foreign food products imported into the United Kingdom during the year ending December 31, 1904, the revenue derived from these duties would have been as follows :

|   | Customs Duties | Revenue   |
|---|----------------|-----------|
| Fifteen per cent. on foreign flour and wheat meal.....          |                | £ 936,672 |
| Ten per cent. on foreign wheat .....                            |                | 1,967,133 |
| "    "    "    oats.....  |                | 354,828   |
| "    "    "    peas .....                                       |                | 67,371    |
| "    "    "    beans .....                                      |                | 67,371    |
| "    "    "    cheese.....                                      |                | 139,066   |
| "    "    "    fish .....                                       |                | 263,075   |
| "    "    "    poultry.....                                     |                | 104,780   |
| Five per cent. on foreign living animals imported for food..... |                | 381,361   |
| Five per cent. on foreign dead meat.....                        |                | 1,509,557 |
| Proposed preferential Taxes .....                               | £ 5,781,234    |           |
| Tax to be taken off tea .....                                   |                | 5,862,577 |



By this arrangement £5,862,577 of present taxation would be abolished and £5,781,234 of new taxes imposed. Such an exchange would be no robbery of the British taxpayer, and it would enable the British Government to give a substantial preference to a large number of colonial products. The taxes on coffee, cocoa, chicory and chocolate imported from British possessions might also be abolished. At present these articles are imported chiefly from foreign countries, but they would be largely cultivated in Britain's tropical colonies if such a preference were granted.

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

Of course such a system of preferential duties on foreign food would not permanently produce as much revenue as the tax on tea, for after a short time the food supplies of the United Kingdom would be obtained almost exclusively from within the Empire, but when the production in British countries became equal to the demand, prices to consumers would not be affected by the duties, and any deficiency in the revenue could be met by placing duties on foreign manufactured

goods imported for consumption in the United Kingdom.

It may be asked if the duties do not increase the prices of Canadian food products in the markets of the United Kingdom, how will they benefit Canada? Canada will be benefited by the more rapid settlement and development of the country. If farmers, millers, and packers on the United States side of the international boundary have to reduce the prices of their wheat, flour, and meat in order to compete with Canadian products in the British market, many of them will move to Canada.

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

There are other ways in which the high tariff taxes now paid by the British people might be so readjusted as to afford protection for home industries and favor the colonies at the same time. Most of the present customs duties are

enormously high and by reducing them, while placing protective duties on other articles, it would be possible to grant protection to many British industries without increasing the general taxation.

The home market is far more valuable to Canadian producers than either the British or the United States market, and if the Canadian market is secured to our own people by adequate protection the country will be prosperous and progressive whether we get a preference in Britain or not. Nevertheless, a preference in the markets of the United Kingdom would hasten the development of Canada and this would be to the advantage of the Empire. The children of the farmers who settle in Canada are educated in our schools, our churches, and our newspapers, to love Britain. If they were in the United States they would in many cases be educated to hate Britain. Therefore if the British can by a preference without sacrifice stimulate settlement in Canada they will greatly strengthen the Empire, and this will be worth while even if they do not sell any more manufactured goods in Canada than they do now.

The best way in which Canadians can help the Empire at the present time is

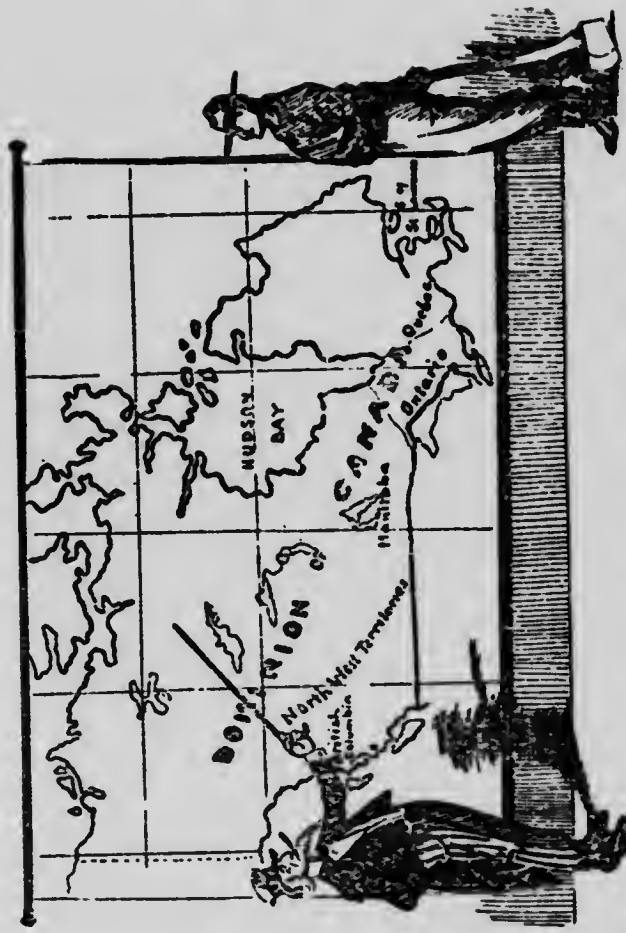
to make Canada strong and great by building up Canadian industries of all kinds. A weak Canada will be a source of trouble and expense to the Empire; a populous and wealthy Canada will be a tower of strength to the Empire. If Canadians buy large quantities of manufactured goods in foreign countries, Canada's wealth will remain largely undeveloped, the progress of the country will be slow, and many thousands of young men who should be the pride of the Empire will be forced to go abroad to seek congenial employment. According to the census of 1900, there were nearly 1,200,000 Canadians in the United States. Most of the young Canadians who leave Canada to become citizens of the United States are almost as completely lost to the Empire as if they were killed on the field of battle. By fostering home industries we can keep Canadians at home.

## NOT HOSTILITY TO THE STATES

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

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



Uncle Sam—That is a fine country of yours, Johnny, but you require capital to develop it.  
Jack Canuck—How can I get the capital?  
Uncle Sam—Try the plan I adopted to develop the United States. Give adequate tariff security and you will get all the capital you want. (See page 266).



## FARM, MINE AND WORKSHOP

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“THE only real prosperity is that which comes from the development of the farm, the mine and the workshop.”—*Toronto Weekly Sun*, Sept 21, 1904.

Why is it then that *The Sun* so persistently endeavors to create in the minds of Canadian farmers a feeling of antagonism toward Canadian manufacturers? If the prosperity of the country depends upon the development of the workshop and the mine as well as the farm the interests of farmers, miners and manufacturers must be to a great extent identical, and instead of trying to set the farmers against the manufacturers *The Sun* should endeavor to cultivate a feeling of sympathy and a desire for friendly co-operation between these great Canadian industries. *The Sun* is a well edited paper and it might be a great power for good in Canada if it would cease its attacks on Canadian manufacturers and instead of vainly trying to remove the high wall of protection that keeps Canadian farm products out of the United States market, support



measures for the development of the Canadian home market.

In the course of an editorial advising the people of the United States that if they want to secure reciprocity with Canada they had better hurry up, *The Sun* says: "As our cities grow in population their value as home markets for farm produce increases and the number of farmers whose fears can be played upon by the alleged danger to that home market from reciprocity increases also."

It is gratifying to know that *The Sun* is beginning to appreciate the growth of protection sentiment among Canadian farmers, and to recognize the value of home cities to the farmers. The growth of our Canadian cities depends almost entirely upon the development of Canadian manufacturing industries and it must be manifest to the editor of *The Sun* that the workshops cannot develop unless our farmers buy goods "Made in Canada." Every dollar sent to the United States for goods that could be made just as well in Canada retards the growth of our towns and cities, and makes the home market less valuable to our farmers.

The doors to the United States market are locked and barred and the more we

beg our American neighbors to open them the more determined are they to keep them closed. We cannot unlock those doors; we do not hold the keys; but we can guard the doors that give entrance to our home markets and so foster the development of Canadian farms, mines and workshops. One Canadian eats more of United States meats than four hundred and ninety-one Americans eat of Canadian meats. One man in Canada spends as much on eggs, butter and cheese produced in the United States as two hundred and eighty-one Americans spend on Canadian eggs, butter and cheese. It is not in the power of our Government to make the people of the United States eat more Canadian farm products, but they can cause Canadians to eat less of United States farm products by raising the customs tariff and shutting out produce from the United States. Moreover, they can greatly increase the number of home consumers of farm products by giving adequate protection to Canadian manufacturing industries. Every additional workman employed in a Canadian workshop increases the demand for Canadian farm products.

Miners as well as factory workers

must eat farm products, but the development of the mines is dependent upon the development of the workshops. Only a small proportion of the coal produced by Canadian miners is used by farmers. The greater part of it is consumed in the towns and cities, either in the factories or in the houses of the workmen and all the people of the towns and cities who gain a livelihood by supplying the wants of workingmen and their employers. Excepting gold and silver, the other minerals are valuable only because they can be used as raw materials by manufacturers, and even gold and silver are used to a considerable extent by manufacturers.

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## FOUNDED BY HIGH PROTECTION

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“ **W**HEN I am told that we should increase the duty with a vague expectation that by so doing we shall found an industry and build it up, I am always more or less skeptical.”  
—Sir Wilfrid Laurier, in the House of Commons, June 14, 1904.

When Mr. McKinley talked of establishing a tin-plate industry in the United States by increasing the duty his opponents said that it would be foolish to increase the duty with a vague expectation of founding an industry. They declared that there was already a moderate protective duty on tin plates and had been for years yet not a single pound of tin plates was manufactured in the country. They argued that it was absurd to expect that a high protective tariff would accomplish what a low protective tariff had failed to bring about. But Mr. McKinley succeeded in getting the duty on tin plates more than doubled, and what was the result? The duty went into force July 1, 1891. The following table shows how the home produc-

tion increased while imports decreased as a result of the increased duty:

| Calendar Year | Imports Pounds | Home Production Pounds |
|---------------|----------------|------------------------|
| 1890.....     | 680,060,925    | none.                  |
| 1891.....     | 1,036,489,074  | 2,236,743              |
| 1892.....     | 422,176,202    | 42,119,192             |
| 1893.....     | 628,425,902    | 123,606,707            |
| 1894.....     | 454,160,826    | 166,343,409            |
| 1895.....     | 508,038,938    | 254,611,395            |
| 1896.....     | 385,138,983    | 359,209,798            |
| 1897.....     | 230,073,683    | 574,779,520            |
| 1898.....     | 171,662,345    | 732,289,600            |
| 1899.....     | 108,484,826    | 808,360,000            |
| 1900.....     | 147,963,804    | 677,969,600            |
| 1901.....     | 117,880,312    | 894,411,840            |
| 1902.....     | 198,996,086    | 819,840,000            |

Even protectionists would not have been surprised if the whole of the extra duty had been added to the price for several years after it was imposed. The tin plate industry was entirely new to the United States. The process of manufacture required expensive machinery and skilled workmen, and as there was no tin produced in the United States, the raw material had to be imported from abroad. Costly experiments had to be made; it was necessary to train workmen, and the scale of wages was considerably higher than in Wales, from which most of the tin plate was

exported. Actually the price was somewhat increased for a time, but not nearly to the full extent of the extra duty. As the production of tin plates in the United States increased so that the home manufacturers were able to supply the greater part of the demand the price was gradually reduced. In 1894 the Democrats reduced the duty to 1.2 cents per pound. Even with this reduction the protection was one-fifth higher than before the duty was raised by the McKinley Act and was estimated to be equal to nearly 50 per cent. ad valorem. As the industry had obtained a good start under the higher tariff it continued to progress. In 1897 by the Dingley Act the duty was raised to 1.5 cents per lb.

Twenty-five thousand persons are now employed in the tin plate industry and the annual output is valued at about seventy-five million dollars. That vast sum of money is kept in circulation in the United States instead of being sent abroad, and the consumers get tin plates much cheaper than they did in the years when they were dependent upon a foreign country for supplies because of insufficient protection.

## THE ADVERSE TRADE BALANCE

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**F**OR the fiscal year ending June 30, 1904, the imports of merchandise for consumption in Canada amounted in value to \$243,590,019, while the exports of Canadian merchandise were valued at \$198,414,439, including \$18,715,539 worth of gold bearing quartz, dust, nuggets, etc., and \$1,865,528 worth of metallic silver contained in ore, concentrates, etc. If this gold and silver be included, the balance against Canada in the year's trade was \$45,175,580, but if we exclude unmanufactured gold and silver as well as coins and bullion from both exports and imports, the balance was \$65,756,647. The first nine months of the fiscal year 1905 showed a decrease of \$10,201,247 in exports and an increase of \$3,745,242 in imports, as compared with the corresponding period of the fiscal year 1904.

There have been adverse balances ever since the fiscal year 1898, but the fiscal year 1904 made the worst showing. The figures for the seven years as taken from the Trade and Navigation Reports are as follows:

**THE ADVERSE TRADE BALANCE 277**

| Imports of Merchandise<br>for Consumption. | Exports of Canadian<br>Merchandise<br>including Gold and<br>Silver |
|--|--|
| 1898. .... \$120,307,162                   | \$139,920,932  |
| 1899. .... 149,346,459                     | 132,801,362  |
| 1900. .... 172,506,878                     | 163,510,790  |
| 1901. .... 177,700,694                     | 177,437,386  |
| 1902. .... 196,480,190                     | 196,019,763  |
| 1903. .... 224,813,719                     | 214,401,674  |
| 1904. .... 243,590,019                     | 198,414,439  |
| \$1,290,745,121                            | \$1,222,500,246  |

That is, if we include unmanufactured gold and silver in the exports of merchandise the adverse balance for seven years was \$68,244,875, of which \$45,175,580 was for the fiscal year 1904. The exports of gold bearing quartz, dust, nuggets, etc., and metallic silver contained in ore, concentrates, etc., for the seven years were as follows:

| Gold Exports           | Silver Exports |
|------------------------|----------------|
| 1898. .... \$3,587,953 | \$3,519,786    |
| 1899. .... 3,272,702   | 2,630,281      |
| 1900. .... 14,148,543  | 1,354,053      |
| 1901. .... 24,445,156  | 2,420,750      |
| 1902. .... 19,668,015  | 2,055,478      |
| 1903. .... 16,437,528  | 1,802,690      |
| 1904. .... 18,715,539  | 1,865,528      |
| \$100,275,436          | \$15,648,516   |



That is the exports of Canadian merchandise for the seven years included \$115,923,952 of gold and silver. If we deduct this from the exports of merchandise it will be found that the balance against Canada in ordinary trade was \$184,168,827 for the seven years. This was the result of our trading with the whole world, including the United States. If the trade with the United States had balanced evenly we would have had a favorable balance with the world at large amounting to many millions. If there were no emigration from Canada to the United States to offset the immigration from the United States and other countries to Canada, it would be fair to deduct the value of settlers' effects from imports in making a comparison between imports and exports. The value of settlers' effects for the seven years was \$30,222,789. Deducting this from the \$184,168,827 we still have an adverse trade balance of \$153,946,038 in our commerce with the world at large.

If we consider our trade with the United States alone for the seven years the adverse balance is enormous. The figures for the seven years are as follows:

|           | Imports of Merchandise<br>for consumption | Exports Canadian<br>Products, including<br>Gold and Silver |
|-----------|---|--|
| 1898..... | \$ 74,824,923                             | \$34,361,795   |
| 1899..... | 88,467,173                                | 34,766,955   |
| 1900..... | 102,080,177                               | 52,534,977   |
| 1901..... | 107,149,325                               | 67,983,673   |
| 1902..... | 114,752,396                               | 66,567,784   |
| 1903..... | 128,790,237                               | 67,766,367   |
| 1904..... | 143,010,578                               | 66,856,885   |
|           | \$759,074,809                             | \$390,838,436  |

Of the \$390,838,436 of exports of Canadian products to the United States, \$99,997,180 was gold and \$15,564,323 silver, so that the exports of other Canadian products only amounted to \$275,276,933. We also exported to the United States \$18,572,400 of goods not produced in Canada, so the total exports of merchandise from Canada to the United States exclusive of gold and silver amounted in value to \$293,849,333. In the imports from the United States for consumption are included \$24,082,328 worth of settlers' effects. These are offset to a great extent by the effects of Canadian settlers in the United States, but we may nevertheless deduct them from our imports for consumption, leaving \$734,992,481 of imports for consumption. Thus in ordinary trade excluding gold and silver and settlers' effects the

balance against Canada for the seven years of trade with the United States was at least \$441,143,148. If allowance be made for the effects of Canadians settling in the United States and for Canadian products re-exported from the United States the balance against Canada is still greater.

How can we pay the interest on loans and dividends on Canadian stocks and bonds held in Britain and other countries if the adverse balance of trade continues to grow? There are only two ways of paying for the goods we buy in foreign countries, by goods or by gold. A continuation of the present trade conditions must result in Canada being completely drained of gold. A reckoning must come some day. A wealthy nation like Britain, with money out at interest in all the countries of the world, may be able to afford to buy more than it sells for a long series of years, but a young country like Canada cannot do it. If we continue it much longer it must end in a disastrous collapse ruinous to every Canadian industry.

## NOT A TINKERED TARIFF



**Jack Canuck**—This old thing is getting rather leaky.

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

**Jack Canuck**—I don't want a tinkered tariff. I want a new one. (See page 281).



## NOT A TINKERED TARIFF

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“THERE must be no tinkering of the tariff,” said the *Toronto Globe*, but nevertheless some amendments were made to the tariff during the Parliamentary sessions of 1903 and 1904. This was tariff “tinkering” and nothing else. The dictionary definition of “tinkering” is “mending old vessels.” If one is obliged to delay getting a new vessel it is better to tinker the old one than allow it to continue to leak, but a new vessel is to be preferred. If the Government had complied with the request of the Canadian Manufacturers’ Association early in 1903 to make a thorough investigation with a view to giving adequate protection to all Canadian interests, it would not have been necessary to do any tariff tinkering for we might have had a new tariff. As the investigation was then refused, a little tariff tinkering became necessary to prevent a large leakage. But the Government cannot satisfy the country by simply tinkering the old tariff to partially satisfy two or three interests. If we excluded gold and silver the balance of

trade against Canada in our commerce with the world at large during the fiscal year 1904 was \$65,756,647, while in our dealings with the United States the adverse balance was \$92,837,616.

It would take a good deal of tariff tinkering to stop such a leakage as that. The country does not want a tinkered tariff, but a new one, framed to suit all Canadian interests.

## A FARMER'S DAUGHTER'S KODAK

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

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



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

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

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

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

### Importance of Raw Materials

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

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

### To Photograph Lumbermen

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

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

"Yes," said her uncle. "But lumber is only one of the raw materials. Enormous quantities of iron and steel are used by the agricultural implement works. Why the works I visited alone use thousands of tons of pig iron every year, and there are many other agricultural implement works in the country. Great quantities of malleable iron and steel are also used.

#### A Visit to an Iron Mine

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

you would have to follow the limestone to the blast furnaces just as you did the iron ore.

### Coal Mines Photographed

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

### At the Blast Furnace

"Having got the iron ore, limestone and coke or charcoal together at the furnace you must photograph the scale cars in which these materials are weighed, the skip cars that elevate them to the top of the furnace and the men in charge. You could not photograph the chemical processes which go on in a blast furnace, but when the materials have all been melted by the blasts of hot air blown through them, the limestone uniting with most of the impurities of the iron ore to form a slag, while the carbon of the coke or charcoal unites with the iron to form pig iron, you might get some very good pictures, as the men in charge of the blast furnace first tap off the slag and then let the liquid pig iron run out into troughs made in sand or into huge ladles in which it is carried to a casting machine or to the steel furnace. You could also have pictures of the men making troughs in the sand and those in charge of the huge blowing engines and the boiler house. The pig iron having been cooled in the sand or by running through water in the pig casting machine, is loaded on cars which carry it to the piers, where it is transferred to vessels. Some of the pig iron is taken direct to the agricultural implement works, to be

moulded there in the foundry into various shapes required for the implements. Some of it is converted into malleable iron by a series of interesting processes employing many skilled workmen, all of whom you might photograph.

### Making Steel

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

"Then you would have to visit the paint factories. Hundreds of thousands of pounds of paint and an amazing quantity of oil, varnish and benzine are used in the

establishment I visited. You might also follow the raw materials used in the paint factory to their origin and get many pictures of Canadians at work. The petroleum districts of Ontario would have to be visited, for great quantities of fuel oil are used, and it might be worth while to take a trip to Hudson Bay in order to photograph a whaling vessel with its crew, for whale oil and seal oil are extensively used in tempering steel. I noticed large quantities of cotton duck in one of the store rooms, and was told that it came from Yarmouth, N.S. In fact you would have to travel nearly all over the Dominion to photograph the men who are engaged in preparing materials for the agricultural implement works of Canada."

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

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

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

The girl's bright, enthusiastic face suddenly saddened.



**Made in the United States**

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

"You see it does make a big difference to Canada and Canadians," said her uncle. "But your father is not the only farmer who thinks it is all the same whether he buys in Canada or the United States. During the fiscal year 1903 the value of agricultural implements imported into Canada was over three million dollars."

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

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

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

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

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

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

Total ...\$13,128,496 \$12,218,075

"Where do the imported implements come from?"

"Almost entirely from the United States."

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

"Australia, New Zealand, Argentina, Great Britain, Germany, Russia, Switzerland, Denmark, Norway, Italy, Holland, Belgium, Roumania, Austria, Asia Minor, Cape Colony, Orange River Colony and

Natal. A few are even sent to Palestine, but, as you can imagine, the demand is not very large for them in that country."

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

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

### Would Shut Them Out

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

"So would I," said the student. "Why it is evident that if all those imported implements were made in Canada the beneficial influence would be felt in every branch of trade. Every factory in Canada would have to increase its output and all those millions of money now sent to the United States would be put into circulation in Canada, turning over and over again as the workmen employed in the factories and those engaged in getting out the raw materials paid out their wages to grocers, butchers, dry goods dealers, hardware stores, tailors, milliners, furniture dealers, booksellers, tinsmiths, plumbers, carpenters,

masons, ministers, teachers, doctors, druggists, lawyers and many others I cannot think of. The consuming population would be greatly increased and Canadian farmers would have to supply all these people with food."

### How it Would Affect Prices

"But would not the price of agricultural implements rise as a result of the tariff being increased?" said his brother. "I believe the Canadian tariff on agricultural implements was reduced a few years ago. I suppose that is why about seven times as many agricultural implements were imported into Canada from the United States in 1903 as were imported in 1896, but what has been the effect on prices?"

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

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

"The prices were reduced after the adoption of the National Policy of protection in 1879. The higher tariff enabled the manufacturers to do business on a bigger scale. Consequently they were able to manufacture at lower cost and the prices of implements were accordingly cut down. There was a steady decrease in prices year after year as the Canadian industries developed. In 1878, before the adoption of the National Policy, binders were sold retail in Ontario at from \$275 to \$300. In 1893, under a 35 per cent. tariff, the retail price of binders to the farmer was \$115 to \$125, according to terms of payment. In 1903, under a 20 per cent. tariff, the Ontario farmer has had to pay for binders from \$128 to \$135, according to terms. In 1878 single reapers were retailed in Ontario at from \$100 to \$105; in 1893 at from \$60 to \$65, and in 1903 at from \$65 to \$70, according to terms. In 1878 Ontario farmers paid from \$65 to \$70 for mowers; in 1893 from \$47 to \$50; in 1903 from \$50 to \$55. Hay rakes cost the farmers from \$28 to \$30 in 1878; from \$25 to \$27 in 1893, and from \$27 to \$30 in 1903. In the case of binders there are also the various attachments, such as sheaf carriers and binder truck, which add all the way from \$5 to \$15 additional to the price of bin-

ders, but the figures I have given you will enable you to make a relative comparison between the prices in the different years referred to. The prices varied somewhat, of course, in different parts of Ontario according to distance from the factories. In the Northwest the prices have been higher than in Ontario owing to the cost of transportation.

"I heard a carriage manufacturer say that he sold iron axle wagons at \$110, and top buggies for \$160 in 1878, and that in 1897, before Mr. Fielding reduced the tariff, he was selling iron axle wagons at \$85 and superior top buggies at from \$75 to \$80. He said this astonishing drop in prices took place gradually year after year under the National Policy, but that there had been no drop in prices since the adoption of the Fielding tariff in 1897."

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

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

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

"Part of it is, but unfortunately the agricultural implement manufacturers use a great deal of imported iron and steel because there is not sufficient protection. If adequate protection were given to the Canadian iron and steel industry, the quantity of Canadian materials used in making agricultural implements would be greatly increased. The tariff should be so arranged as to give sufficient protection not only to the makers of implements, but to all those Canadians who are engaged in producing materials that are used in making the implements."

### Prices Higher in England

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

"I am glad you asked that question," said her uncle. "As you know the United Kingdom is a free trade country. There are no duties on agricultural implements or on any of the materials used in making agricultural implements, yet the prices of agricultural implements in free trade Britain are actually from 15 to 25 per cent. higher than in Canada, which has a low protective tariff, while in the United States which gives very high protection to agricultural implements and all the materials used in making them, the prices of agricultural implements rule lower than in any other country in the world. That is an undeniable fact and it is something that the Canadian farmer should think about. It is positive proof that high protection does not necessarily increase prices as advocates of free trade or a low tariff pretend."

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

"Yes," said her uncle, "it is wonderful how one industry acts and reacts upon



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

"It is evident," said the student, "that the workers in the varied industries of Canadian farms, forests, fisheries, factories, mines, railways and the mercantile classes dependent on them should all co-operate to secure such a thorough revision of the customs tariff that there will be adequate protection for all."

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

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