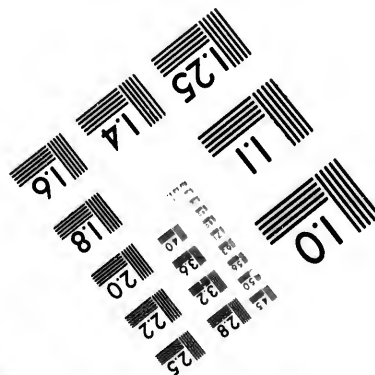
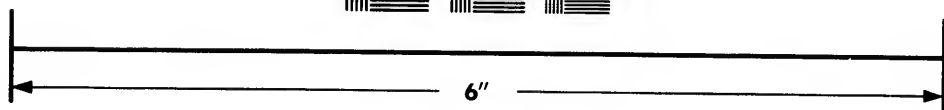
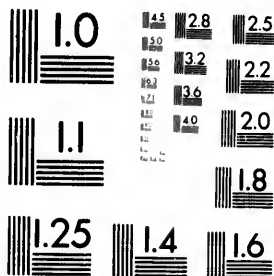


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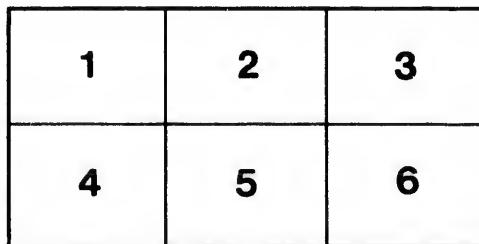
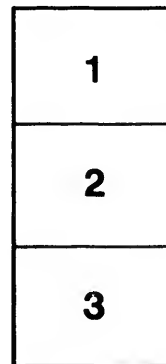
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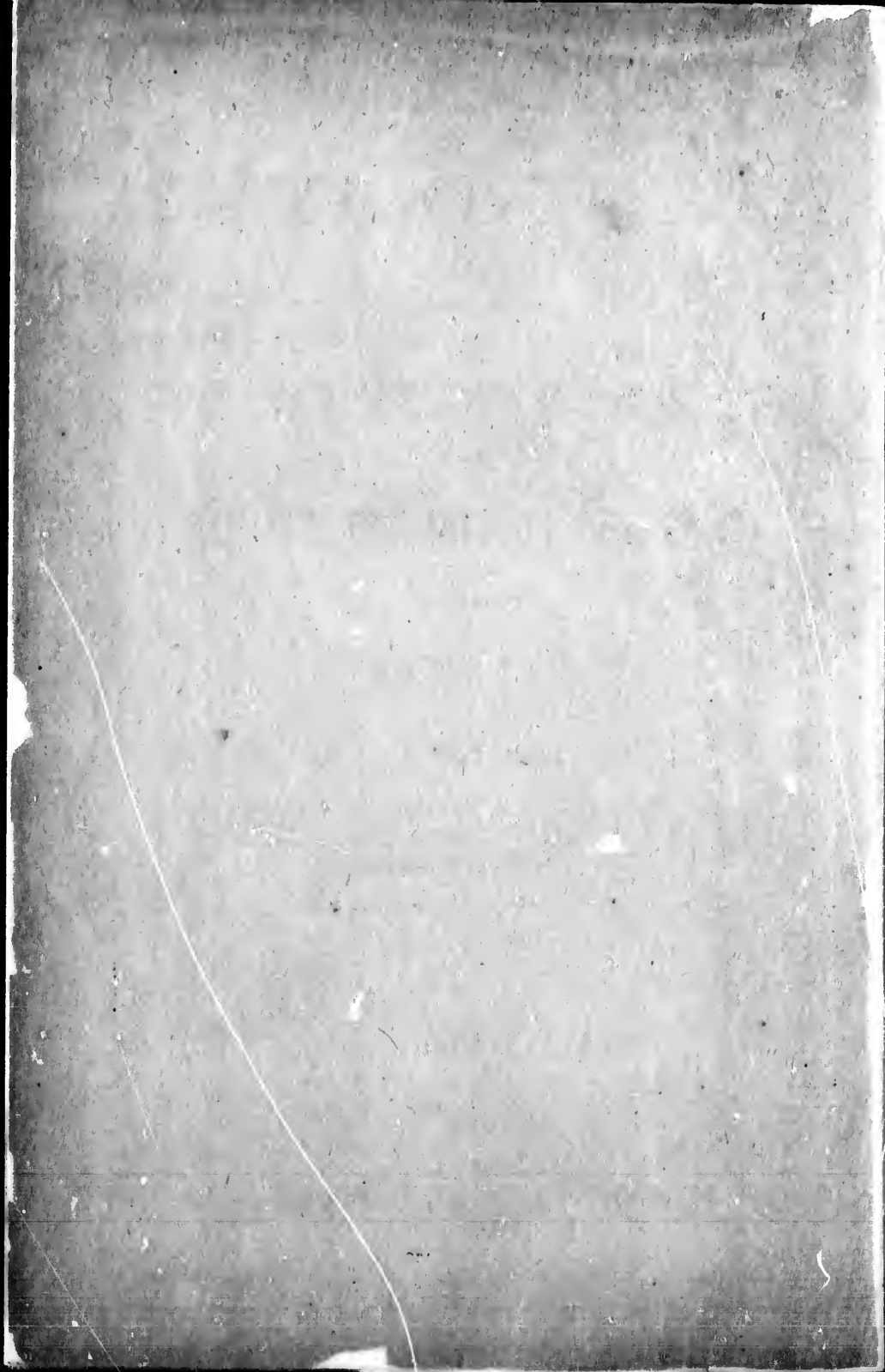
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TORONTO, JANUARY 1890.

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## WHY NOT HAVE RECIPROCITY ?

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WHEN it was proposed, a good many years ago, to assimilate the gauges of the Canadian railways to those of the United States, so that locomotives and cars could be run freely across the international boundary line, and over the railway lines of the respective countries, some exceedingly loyal and exceedingly foolish Canadians objected to the proposition on the ground that it would lead to the annexation of Canada to the United States. These people imagined, or professed to believe, that unless there was a transfer of passengers, freight, mails and luggage from Canadian to American trains, and *vice versa*, at the international boundary, people would soon forget where the boundary was, and that the British connection would be endangered. Quite as absurd are some of the objections now raised on the Canadian side against the proposal for the abolition of all restrictions upon commerce between the Dominion and the United States. The opponents of reciprocity are of two classes:—Those who are protectionists in the abstract, and who are interested in restricting the importation of foreign goods; and those who profess to favor reciprocity, but who argue that the scheme is impracticable. It is with the objections of the latter class that this paper will deal principally. The "loyalty" objection is unworthy of serious attention. If the attachment of Canadians to Great Britain can be undermined by allowing them to trade freely with their neighbors, then it must be confessed that their loyalty is not very deep-seated. And is it not ridiculous to contend that a Canadian can sell to and buy from the Americans all his life without becoming tainted with disloyalty, so long as he is obliged to pay customs duty upon what he purchases and sells—but that if he is allowed to do his trading freely he will become an annexationist at once?

### TWO OBJECTIONS ANSWERED.

Coming now to the American objection to reciprocity with Canada, we find that it is contended—(1) that if the Canadians were allowed free access to the markets of the United States they would have no object in seeking political union with the United States, and that (2) if Canadian products were admitted



free, goods from other countries would find their way into the United States by way of Canada without paying customs duty. There are also some, like Senator Morrill of Vermont, who contend that the United States' manufacturers would not be able to compete with those of Canada in the markets of the continent if all restraints upon commerce between the two countries were abolished. But Mr. Morrill gives his entire case away by advocating the annexation of Canada to the United States. If the manufacturers of the Dominion could undersell those of the United States under commercial reciprocity, they could certainly do so if Canada was annexed. And Mr. Morrill's contention that reciprocity would spoil annexationist prospects completely refutes the argument of the Canadian restrictionists that reciprocity or commercial union would lead to annexation.

#### ANNEXATION UNDESIRABLE.

As to the argument that Canadians would cease to long for annexation if they had reciprocity or Commercial Union, it has never been shown that annexation would be a good thing either for Canada or for the United States. There is surely room for two nations on the North American Continent, provided the two can get along peacefully together. There is no feeling in Canada in favor of annexation to the United States, and if a comprehensive scheme for extended trade between the two countries was adopted, which would include a complete settlement of the fisheries, canal and lake navigation, and other questions which have caused irritation during recent years, there is little doubt that any feeling which may exist in the United States in favor of annexing Canada would speedily disappear; and the occupation of the Anglo-phobes and "tail-twisters" on the American side of the line, as well as that of the Yankee-phobes and professional loyalists on the Canadian side would be gone.

#### IS RECIPROCAL TRADE PRACTICABLE?

Now comes the question:—Is unrestricted reciprocity practicable? First let us admit that the complete obliteration of the existing restrictions upon trade between Canada and the United States is desirable. This much is generally conceded. Even the Canadian opponents of unrestricted reciprocity profess to be in favor of reciprocity in the products of the soil, the sea, the forest and the mine—thus admitting that freedom of commercial intercourse with the United States would be a good thing for the farmers, the fishermen, the lumbermen and the miners, and these four classes form probably seven-eighths of the population. Can

unrestricted reciprocity be carried out without unfairness either to Canada or the United States ? Will not goods from England and other countries find their way into Canada through the United States free of duty, if we allow American products to come in free ; and will not goods other than Canadian gain admittance into the United States free of duty if Canadian products are allowed to be imported free ? Certainly not. At least there will be as little and probably less danger of this happening than there is now of American goods being smuggled into Canada and *vice versa*. The theory of those apprehensive opponents of reciprocity is that if Canada or the United States agrees to admit goods from a particular country free, all the nations of the earth will send their products to that particular country to be shipped from thence to Canada or the United States, for the purpose of escaping the payment of customs duty. But if that theory was correct, the present tariff systems of Canada and the United States would be confessed failures. The United States admits sugar from the Hawaiian Islands free of duty. How comes it that all the islands of the Pacific Ocean, which produce sugar, as well as the East and West Indian Islands, do not send their sugars to Honolulu, to be shipped from thence to the United States, in order to escape the American customs duty ? The answer to this question every customs officer knows. The man who attempts to enter sugar as Hawaiian sugar at a United States port must prove by sworn and documentary testimony that his sugar is the product of Hawaii. It is not sufficient to prove that it came from Honolulu. The onus of proof is on the importer. He must show that his merchandize is entitled to be admitted free before he can escape the payment of duty. The same rule would apply to importations from Canada into the United States, and *vice versa*, under unrestricted reciprocity.

Look at our present Canadian tariff. We find that fish the product of Newfoundland are admitted free while fish brought from any other country must pay duty. Section 3 of the Dominion Customs Act provides that fish and other products of the fisheries shall be chargeable with and there shall be collected thereon the rates of duty set forth in the schedule attached to the Act with the following proviso :

“ Provided that the whole or part of the duties imposed by this section may be remitted as respects either the United States or the Island of Newfoundland, or both, upon proclamation of the Governor-General-in-Council ; which may be issued whenever it appears to his satisfaction that the Government of the United States, or of Newfoundland, or either of them, have made changes in their tariffs of duties imposed upon articles imported from Canada, in reduction or repeal of the duties in force in the said countries respectively.”

## THE DISLOYALTY BUG-BEAR.

We are told that it would be dreadfully disloyal for Canada to admit goods free from the United States while collecting duties upon imports from England, but by the foregoing clause in the Customs Act the Dominion Government have taken power to admit American and Newfoundland fish free, while collecting duties on fish brought from Great Britain and any other British colony or foreign country, and at present Newfoundland fish are admitted free under the authority of the Act before quoted. Why cannot the rule now applied to fish be applied to other goods? How do Canadian customs officers know that fish claimed to be Newfoundland fish are really such? They can only know it by the testimony of the importer and by the circumstances surrounding the importation. Under a treaty of reciprocity between Canada and the United States providing for the free entry of each country's products into the other, the customs officers would identify the goods entitled to free entry just as American officers now identify Hawaiian sugar, and Canadian officers identify Newfoundland fish. Again, clause 11 of the Canadian Customs Act authorizes the Government to reduce or abolish the duties upon wines imported from France or Spain whenever these countries have reduced or abolished the duties upon articles imported from Canada. Why has this authority been asked for and granted if it is impossible to discriminate in favor of foreign countries and against Great Britain? If there was anything in the theory that goods not entitled to free admission would find their way into Canada and the United States under a system of reciprocal trade between these two countries, how do the Canadian Government propose to keep Italians and Germans from sending their wines into the Dominion free by way of France and Spain, if the wines of the latter countries are placed on the free list?

Again we find that by the Canadian tariff coarse salt is subject to a general duty of ten cents per hundred pounds, but coarse salt "imported from the United Kingdom or any British possession, or salt imported for the use of the gulf or sea fisheries" is admitted free. How do the customs officials know when coarse salt is imported from Great Britain or for use in the fisheries? They can only know this by evidence furnished by the importer. It would be much easier to ascertain whether goods entered at customs were the product of Canada or of the United States, as the case might be, than it is to prove that a certain cargo of coarse salt is for use in the gulf or sea fisheries. In fact, along the

boundary line from Lake Ontario to the Pacific Ocean there never would be any difficulty, because the trade is there almost exclusively between Canada and the United States.

#### RECIPROCITY AND COMMERCIAL UNION.

What is there then in the way of complete reciprocity of trade between the two countries? Clearly nothing but the opposition of interested or prejudiced persons. The existing Customs Acts of Canada and the United States show that such a proposal is quite practicable. In what way should the advocates of unrestricted reciprocity proceed? The plan which finds most favor in Canada, and probably in the United States also, is that of concurrent legislation by Congress and the Dominion Parliament. Let a clause be inserted in the United States' tariff providing for the free admission of all articles grown or manufactured in Canada, on condition that all articles of American growth or manufacture are admitted free into Canada, and all that is asked for will be accomplished. The views of the reciprocity advocates in the United States seem to be embodied in the following resolution which received the almost unanimous support of the Washington House of Representatives last summer:

“Resolved, That whenever the Dominion of Canada admits products, wares and merchandise grown, produced or manufactured in the United States free of duty, then the products, wares and merchandise grown, produced or manufactured in said Dominion of Canada shall be admitted free of duty into the United States.”

The Canadians who favor reciprocity have embodied their proposition in the following resolution which received the support of eighty odd members of the Dominion House of Commons:

“That it is highly desirable that the largest possible freedom of commercial intercourse should obtain between the Dominion of Canada and the United States, and that it is expedient that all articles manufactured in, or the natural products of either of the said countries should be admitted free of duty into the ports of the other.”

The two resolutions mean the same thing. Another resolution which has been adopted by the United States' House of Representatives proposes a customs union, that is a uniform tariff for the two countries and a sub-division of the customs revenue collected in both, according to the population of each. That plan has been successfully carried out in the German States, and has lately been adopted in South Africa, between the British Cape Colony and the Orange Free State, with the full approval of the British Government. A customs union such as that advocated by Mr. Hitt, Mr. Wiman and others, is one method of obtaining



the abolition of all restrictions upon trade between Canada and the United States. But whether we have a customs union or a simple arrangement providing for the free importation of each country's products into the other is of no particular consequence. The principle and aim of each proposition is in the direction of the abolition of customs restrictions upon trade between the two countries.

Is the abolition of these restrictions desirable? That is the question which the people of the two countries must consider and determine before they waste time discussing the merits of any particular scheme for achieving that object. Unrestricted reciprocity is practicable. Commercial Union is practicable. Let the people at the polls decide that the customs' wall should come down, and a way of carrying their wishes into effect will speedily be found.

#### THE QUESTION OF REVENUE.

There is of course the question of revenue to be considered. To the people of the United States this matter is of little importance, because the national government is now embarrassed by a congested treasury, and any means of reducing the rapidly accumulating surplus, while obtaining advantages for the country, in the way of extended trade, ought to meet with favor. But on the Canadian side the revenue question is a serious one. We are told that by agreeing to admit United States products free of duty the Dominion Government would lose seven or eight millions of dollars of revenue annually. How is this deficiency to be made up? In the first place the expenditure of the Dominion is now a great deal too large, and might, with advantage to the country be reduced. An expenditure of thirty millions of dollars a year is more than sufficient to efficiently maintain the services under the control of the Dominion Government. If commercial or customs union is agreed on there will be no loss of revenue to the Dominion. But in any event the loss of revenue under unrestricted reciprocity would be no greater than it will be if the policy of the present Canadian Government be successfully carried out. The policy of the existing administration in Canada is to exclude all American manufactured goods from the Dominion markets, and to obtain, if possible, reciprocity of trade in natural products. If they succeed in their aims—if all United States manufactures are shut out and natural products are admitted free—the loss of revenue will be just as great as it would be under a system which admitted all United States products free. What we have to consider is whether the advantages which would

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accrue to the country from unrestricted trade between Canada and the United States would more than compensate for the loss of revenue. The prohibition of the liquor traffic would cause a greater loss of revenue to the Dominion than reciprocity, yet nearly all our public men profess to be anxious to see the liquor traffic wiped out. The Canadian Minister of Finance claims to be a prohibitionist. Has he ever stopped to consider the amount of revenue that he would lose if prohibition was carried into effect? Last year the customs duties collected in Canada on beer, spirits, and materials used in the manufacture of these articles, amounted to about \$2,083,269. The excise duties on spirits reached \$3,072,288, and on malt and malt liquors \$495,756. Total revenue from alcoholic liquors, \$5,651,313. In the coming year the government expect to receive \$7,125,000 of excise revenue. Nearly the whole of this will come from spirits and beer. Do the prohibitionists cease advocating prohibition because of the loss of revenue their success would entail? Not at all. They argue that the benefits which would result from prohibition would more than compensate for the loss of revenue. The advocates of reciprocity put forward a similar claim. Mr. Gladstone once remarked, in reply to the argument that prohibition would cause a loss of revenue:—"Give me a sober people and the revenue will take care of itself." So we say reciprocity will give us a prosperous, a happy, and a contented people, and the revenue will take care of itself.

#### A SUBJECT FOR STATESMEN.

How should this great question of the international relations between the two countries be discussed? Certainly not in a spirit of narrow jealousy, hostility or defiance by the statesmen of either country towards the other. Let those who make a livelihood or win popularity in the United States by "twisting the British lion's tail," and our Canadian "loyalists by occupation" take a back seat for a time. This is a question for statesmen, not for demagogues. Speaking on this point in the Canadian House of Commons Sir Richard Cartwright said:—

"Canada has a great deal to give, as well as a great deal to get, and in making a bargain with the United States I for one would give fair and full equivalents. I wish that the treaty shall be perfectly and mutually beneficial—that for every dollar of profit we make they should make their dollar, and that for every Canadian who is benefited an American should be benefited likewise. It is on such a basis alone that a firm and permanent arrangement for free and unrestricted trade can be carried out. The people of the United States need new markets as well as we do. We have it in our power to give a full equivalent and to benefit quite as many Americans by this arrangement as Americans will be benefited. You may approach this

matter if you will in the spirit of statesmen or you may approach it in the spirit of flunkeys. As for the United States, I have no doubt they have got their faults ; but no man can have mixed much with the Americans without knowing that they are emphatically a great and a generous nation. If you go to the people of the United States and make a fair, just and reasonable proposition to them there is every reason to believe that we will be fairly and honorably received, and that it is in our power to make an arrangement which will be mutually advantageous, profitable and honorable to both nations."

The statesmen of the United States ought to be able to approach this subject in a spirit similar to that indicated by Sir Richard C. Wright. If they do so, there is good reason to hope that the petty vexations which have arisen between the two countries during the past few years; the seizures of American fishing vessels in the Gulf of St. Lawrence and of Canadian sealing vessels in Behring Sea; the demands for retaliatory legislation by citizens of one country against the other because of real or fancied injustice; the export duties on logs by one country and the increase of lumber duty by the other; Smart Aleck taxes upon lobster cans and peach baskets, and the other petty disputes which tend to place two nations that ought to be close friends in a most ridiculous light before the world, would speedily cease. It is reasonable to expect that there will always be objections to reciprocity by selfish men, who enjoy monopolies, and who think that trade ought to be restrained and competition restricted for their benefit. These men are to be found on both sides of the line. They see no injustice in legislation which compels the consuming classes to purchase dear goods, and which reduces the purchasing power of the working man's earnings. It is a noteworthy fact that the man who advocates a high tariff in his own country invariably desires that every other country should adopt free trade. He is not willing to give and take. It is very easy to reduce the high tariff man's argument to an absurdity. You grant him that foreign goods should be excluded from the United States. Being asked then whether the goods of all other States should not be excluded from that one in which he happens to do business, so as to give him a monopoly of the home market, and his selfishness will prompt him to say yes. Then he is compelled to admit that if one State or one Province should be protected against another, one county ought to have a tariff against another, and the village against the town or city. Being cornered, he declares that so long as the foreigners shut out his goods he will insist on having theirs shut out. There is some force and some equity in that argument, even if its application does sometimes result in "cutting off the nose to spite the face." But even this last refuge of the monopolist does not hold good as an argu-

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ment against reciprocity, because the proposition is "all bars down," and the placing of Canadian and American producers on an even plane in competing for business all over the two countries. The United States manufacturer who wants the customs wall kept up on the ground that the Canadians would undersell him if it was torn down, betrays lamentable cowardice, and the same remark applies to the Canadian who is afraid of competition in his business in such a large market as that of the North American continent.

## NO REASONABLE EXCUSE FOR THE TARIFF WALL.

The cry of "jug-handled free-trade" cannot be raised against a proposition for unrestricted reciprocity between two nations. Not an argument can be advanced in favor of free commercial intercourse between the various States of the American Union which does apply with equal force in favor of free trade between the United States and Canada; not an argument can be used in favor of free trade between Ontario and Quebec which is not also an argument for free trade between Ontario and the State of New York. If it is a benefit to shut Ontario and Quebec products out of the markets of New York, why not shut out the products of Ohio and Illinois? Does any sane man believe that the republic of the United States would ever have attained its present greatness, if each State had been free to maintain tariff walls against its neighbors? And was not the "free trade between the provinces" argument used with force by the promoters of the Canadian Confederation Scheme? The reciprocity principle is simply an application of the Golden Rule to international commerce. The existing policy of "commercial war" between the Dominion and the United States cannot be defended upon any moral ground, and it is the duty of the statesmen responsible for the government of the two countries to put an end to it. Why should two nations professing Christianity adopt towards each other a trade policy which is in the highest degree unchristian? On the Canadian side, as before remarked, the "loyalty" cry is raised by those interested in maintaining the existing restrictions upon trade between this country and the United States. We are told that it would be utterly wrong to discriminate against Great Britain and her colonies and in favor of the United States—that it would be "disloyal" to impose duties upon goods imported from the United Kingdom, while admitting United States products free. But Canada has the right to do this, and the only question is whether it is in her interest to do so.



## GREAT BRITAIN DOES NOT,

apparently, object to her colonies doing as they please in the matter of tariff arrangements. A commercial union has just been formed between Cape Colony and the Orange Free State, under which goods from the last mentioned country are to be admitted into the British Colony free, while similar goods brought from England must pay duty. And this arrangement has been approved by the British government. The present Canadian customs tariff imposes an average rate of twenty-two per cent. duty upon the classes of goods imported into the Dominion, while the average rate upon imports from the United States is less than fifteen per cent. Although Canada imports more from the United States than from Great Britain, the revenue collected upon British goods greatly exceeds that levied upon those brought from the United States. Is this not discrimination against the mother country? The right of Canada to discriminate against Great Britain or any other country by means of her customs tariff has been insisted upon by various Canadian governments since before Confederation, and admitted by the Imperial authorities. In 1859, Sir Alexander Galt, then minister of finance, in answering the objections of the British Secretary of State for the colonies, to a tariff scheme which proposed discrimination against British trade, said: "I must distinctly affirm the right of the Canadian legislature to adjust the taxation of the people in the way they deem best, even if it should unfortunately happen to meet the disapproval of the Imperial Ministry. Her Majesty cannot be advised to disallow such acts, unless her advisers are prepared to assume the administration of the affairs of the colony, irrespective of the views of the inhabitants." The Imperial government had to give way, and the doctrine laid down by Sir Alexander Galt has been acted upon by every Canadian government and legislature during recent years. Why should it be otherwise? Are Canadians to remain forever, like ancient vestals, watching the holy fire of "loyalty?" Are they to entertain no national ambitions, and to refuse to allow any hopes of an independent Canadian nationality to enter their minds? The idea is absurd. When it was charged that the present Canadian protective tariff would prove inconsistent with British connection, the supporters of the tariff cried "so much the worse for the British connection." Just now the Liberals of Canada are contending that Canada should have the right to make commercial treaties with foreign nations, regardless of British interests or British influence, and that right will have to be conceded.

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## INTERESTS OF BOTH COUNTRIES IDENTICAL.

For the benefit of the professional loyalists in Canada and the Anglophobes in the United States the question may be asked: Is Canada more of a British colony than the United States? Did not Disraeli utter a truism when, in his place in the House of Commons in 1863, he said: "Colonies do not cease to be colonies when they become independent?" The United States maintains a tariff wall against Great Britain. So does Canada. The Americans speak the English language, their system of jurisprudence is founded upon that of England; Americans in common with British subjects claim the literature of Great Britain as a heritage; the bulk of the foreign commerce of the United States is carried by British ships; over one-half of the exports of the United States go to Great Britain; British political issues have a greater influence upon the politics of the United States than upon the politics of Canada. In proof of this statement it is only necessary to refer to the Sackville West incident. Pro-British and anti-British parties exist in the United States as well as in Canada. The State legislatures feel called upon to pronounce upon the question of Home Rule for Ireland, and meetings are held in all parts of the United States, and money raised to support the Home Rule party of Great Britain. The great ambition of American ladies seems to be to marry English noblemen, and American as well as Canadian millionaires go to England when they retire from business, and there spend the fortunes made in the United States and the Dominion. The British trade returns for 1886 show that Great Britain in that year purchased more from the United States than from all her colonies put together, and that the aggregate trade between the colonies, including India, and the mother country was £157,390,680; while the trade with the United States reached £108,425,072. In the same year Canada's trade with Great Britain only amounted to £18,304,205. And the volume of trade between Great Britain and the United States is constantly increasing. All these facts go to prove the truth of Disraeli's remark, and that the United States is very little more than a British colony yet. In fact, if the exodus of population from Canada to the southward continues, the great republic may soon be spoken of as a Canadian colony. In the course of a speech before quoted from, Sir Richard Cartwright remarked that the American people were becoming "blood of our blood and flesh of our flesh," and that the geographical position of Canada made her "a hostage to the United States for the good behaviour of England."

## A PRECEDENT IN EUROPE.

If precedents for such an arrangement for unrestricted commercial intercourse between two countries such as that proposed between Canada and the United States are called for, they will be forthcoming. The German Zollverein can be cited, but a case more nearly parallel can be found in the existing arrangement between Sweden and Norway. Each of these kingdoms admits the products of the other free, while imposing duties upon goods imported from other countries. Some one may say that Sweden and Norway form one nation. That is not correct. It is true that the King of Sweden is also the King of Norway, or *vice versa*, but each country maintains its own parliament, its own constitution, its own laws, its own customs tariff, its own official language, its own currency, its own flag. The Swedish customs returns for 1885 show that the imports from Norway were 23,736,000 kroner, and the exports to Norway 10,311,000. There is no more danger of foreign goods finding their way into Norway as Swedish products, than there is that goods subject to duty will be smuggled in. And the difficulties of maintaining unrestricted reciprocity of trade between Norway and Sweden are much greater than they would be if a similar arrangement was made between Canada and the United States.

## FRENCH-CANADIAN LOYALTY.

As to the alleged devotion of the French Canadians to British interests, it is only necessary to quote from a speech delivered in the Canadian House of Commons by Hon. L. R. Masson, an ex-Minister of Militia, an ex-Lieutenant-Governor, and a leader of the Conservative party, to show how little ground there is for taking much stock in it. In replying to the charge that the protective tariff which his party were about to introduce would discriminate against British trade, Mr. Masson said :

"I may tell the honorable gentleman that the Conservatives of Lower Canada are as loyal to England as they always have been, but I will add the words of Lafontaine : ' Mais avant tout soyons Canadiens '—('But before all let us be Canadians'). This was Lafontaine's doctrine, and they followed it. The Imperial Government in its relations and connections with the colonies has never been exempt from those rather selfish motives, if such motives could be so called, by which the mother country has wished to aggrandise herself at the expense of the colonies ; the whole colonial system is based upon this principle that the mother country took these colonies so as to have from them raw material for her own manufacturers. That was the object of every central government in every country in the world with respect to their colonies, and, if England claimed a right at times to be selfish in its desires with regard to this colony, they would not go so far in that course, but

defend the rights of Canada. The Imperial Government having given us the right of self-government, has also conferred upon us the right to regulate our local duties as we wish. The Conservatives of Lower Canada do not wish to act against the interests of England, but they have the right, if they wish, to regulate the duties, irrespective of England, if it is Canada's interest to do so."

Mr. Masson declares that his compatriots are Canadians first and Britishers afterwards, and that they intend to support what is best for Canada, irrespective of Great Britain's wishes and interests. That is precisely the position occupied by the Canadian advocates of reciprocity.

#### ADVANTAGES TO BOTH COUNTRIES.

The advantages to be derived from complete freedom of commercial intercourse between the United States and Canada must be obvious to any one who will take the trouble to look at the position of the two countries. The natural course of trade is from North to South. The Dominion and the United States are the natural markets each of the other. Not only would unrestricted reciprocity settle satisfactorily all outstanding disputes with regard to the fisheries, canal privileges, and export duties, and remove all sources of irritation and ill-feeling between two kindred nations, but it would give an immense impetus to trade between the two countries, thus furnishing increased business for railways and waterways. Even under existing conditions the United States has a trade with Canada greater, in proportion, to the Dominion's population, than with any other country. The average Canadian buys more American products than the average man of any other nationality on the globe. Canada's trade with the United States is nearly one-half of her entire trade with the world, and the trade of the United States with Canada is only exceeded in volume by the trade with Great Britain, France and Germany.

