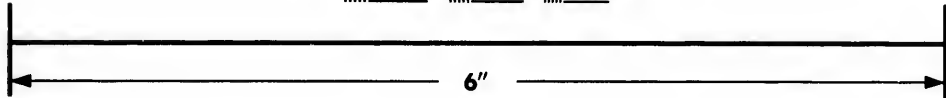
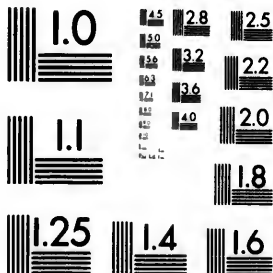


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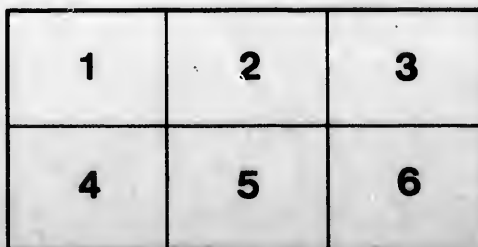
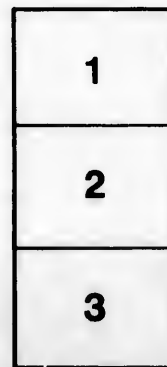
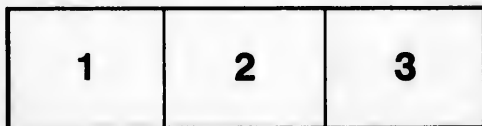
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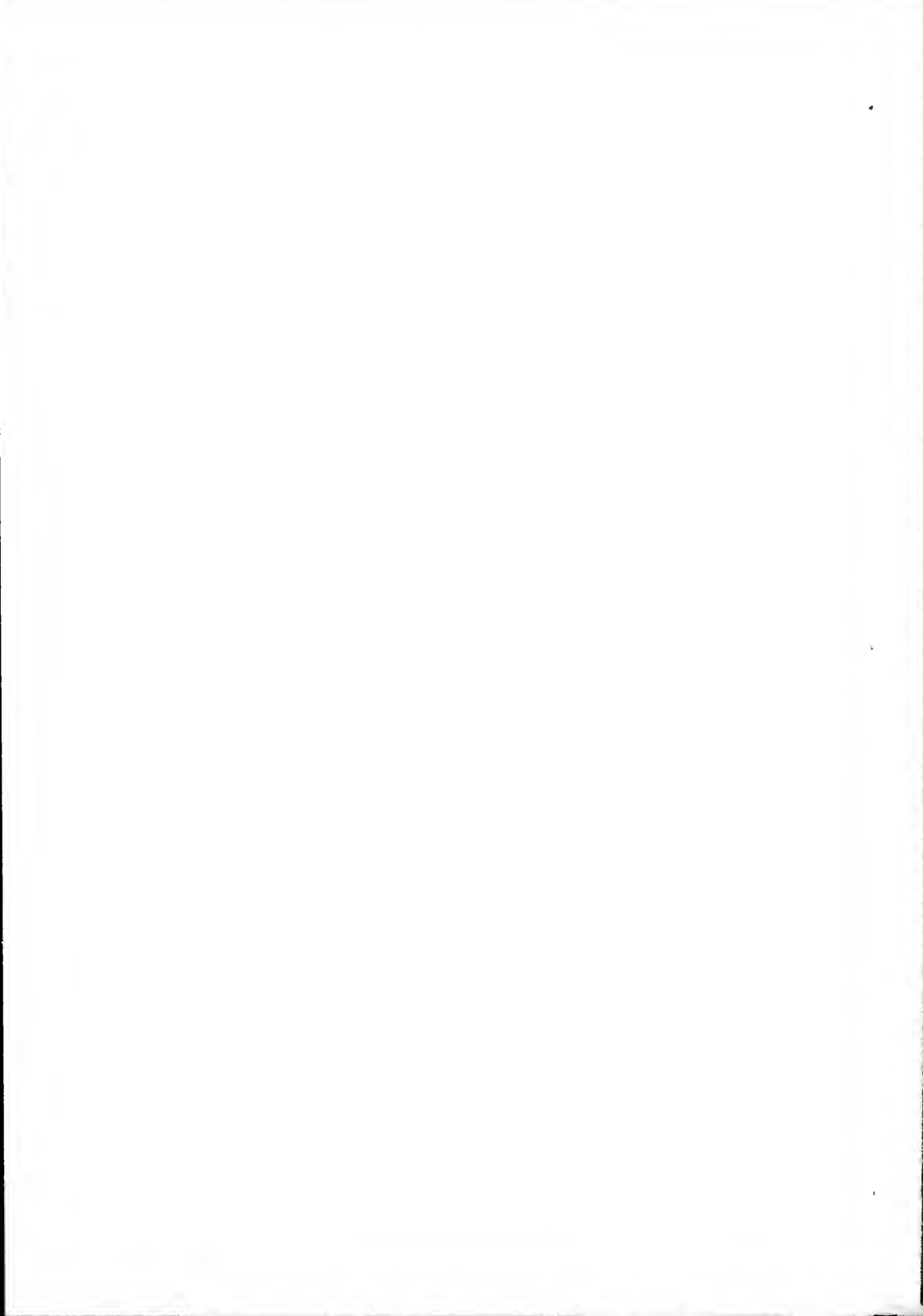
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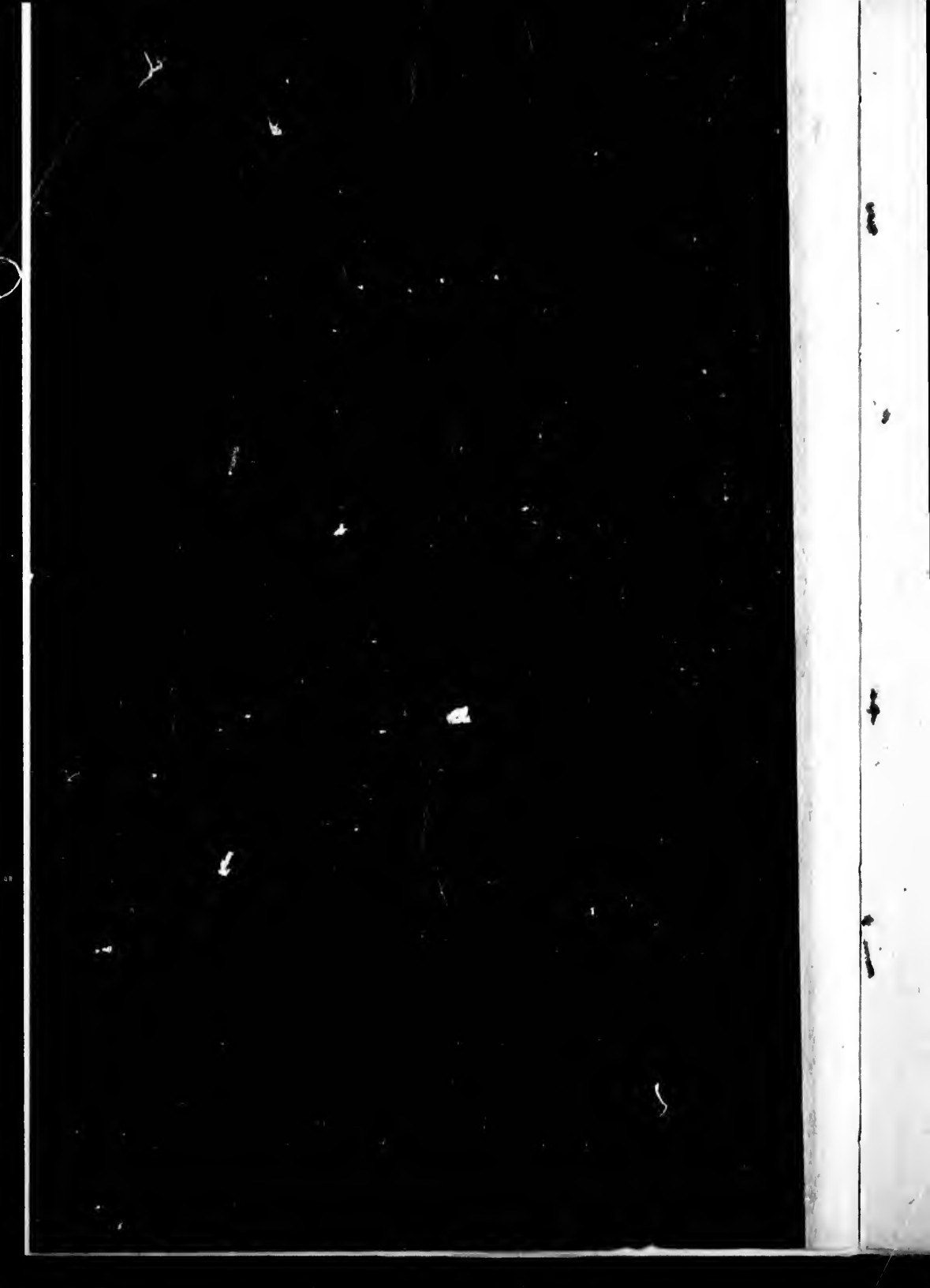
ON THE

DECLINE OF THE UNITED STATES

AS A MARITIME POWER

BY

R. GRANT HALIBURTON



ON THE
INFLUENCE OF AMERICAN LEGISLATION
ON THE
DECLINE OF THE UNITED STATES
AS A MARITIME POWER.

There is a grave question now pending between two of the foremost nations of civilisation, and between kindred races, which may be got rid of by technical objections or diplomatic skill, but which must for many years remain a source of heartburning and misunderstanding. The "Indirect Claims" are regarded by many of us as an unconscionable demand, that says more for American ingenuity than for the honour of that nation. Very recently one of our Commissioners implied that the love of "the almighty dollar," a term which he considerably invested in a Greek phrase, was at the bottom of the difficulty. Never was a charge more inopportune or uncalled for. In the United States, among private persons, wealth may to some extent have taken the rank that is here assigned to the accident of birth; but there is no nation more reckless of pecuniary considerations than the American people, where their national honour or their *amour propre* is at stake.

As matters now stand, even if the indirect claims are excluded from the consideration of the Commission, they are sure to indirectly influence the decision of the Commissioners in favour of the reception of anything approaching a direct claim. The ingenuity of American diplomacy was never more apparent than on their insisting that if the "indirect claims" must be excluded, the Commissioners must incur the responsibility of excluding them. Having been forced apparently to give an adverse decision against claims to an enormous amount that were set up by the American Government, the Commissioners will have to show a generous spirit in dealing with the direct claims, which are likely to come before them ere long. The "indirect claims" will never be fully discussed; and it is, therefore, desirable to show that in reality American commerce has been swept from the seas by the depredations, not of rebel

A

cruisers, but of American statesmen, and that if the rebel flag had never been seen upon the Atlantic, American shipping must have nevertheless inevitably suffered a decline.

It would, however, be a grave error to suppose that the Americans do not deeply and sincerely resent the ruin which has befallen their foreign trade, and which they firmly believe has been brought about by ourselves. A year ago an opportunity was afforded me of ascertaining how moderate thinking men of the United States regard this matter. A preliminary International Convention of all the principal Boards of Trade in North America was held at Boston in June, 1871, which had been organised by the Secretary of the National Board of the United States and by myself as a lever to influence legislation in favour of free trade. It was evident that a very sincere and a very deep feeling of indignation had been excited, even among the most moderate men, by the firm conviction that we had, by our culpable, if not criminal, negligence, allowed rebel cruisers to escape from our ports and to sweep American commerce from the ocean. It therefore became a matter of the utmost importance to point out to them that the disastrous decline of the commercial marine of the United States had been caused, not by rebel cruisers, but by the depredations of American statesmen on American commerce. This view had never been brought so prominently before them before; and the arguments in support of it, made in a friendly and candid spirit, were most favourably received by the large assemblage of the commercial men of the United States, from Maine to San Francisco, there met together.

Subsequently, these arguments were embodied in a letter which was published in the *Boston Post*, and was not only endorsed by a leader in that paper, but also by a notice of it from the Secretary of the National Board of the United States. The views, therefore, that will now be advanced are not suggested by any desire to meet the grave emergency that has arisen, but are those that have invited and have passed through the ordeal of commercial criticism in the United States.

That the decline of American commerce and shipping has been most striking and disastrous no one can doubt. On this point I cannot do better than quote the words of an eminent American statesman, the Hon. David E. Wells, late Special Commissioner of Revenue of the United States, which occur in a very able paper on "The Great Financial and Commercial Experiences of the United States," in the publications of the Cobden Club, 1871:—

"The most terrible blow which the events of the last ten years in the United States have inflicted upon any interest have fallen

upon the business of shipbuilding and the American Commercial Marine—both foreign and domestic. In proof of this, the following comparison of the official returns for the years 1860 and 1870 is submitted, attention being at the same time called to the circumstance that during the period under consideration the population of the United States had increased at least 23 per cent.

“ Total registered and licensed tonnage :—

1860-61	5,539,813
1869-70	4,246,507

“ Tonnage employed in the coasting trade, which by law is protected from all foreign competition :—

1860-61	2,657,292
1869-70	2,595,326

“ Tonnage employed in the cod fishery :—

1860-61	127,310
1869-70	82,612

“ And it is, furthermore, a matter of not a little significance that while for the calendar year 1869 about 75 per cent. of all that came in and went out of the country was carried in foreign vessels or vehicles, for the calendar year 1870 the proportion thus carried had increased to over 79 per cent. In all history it would be difficult to find a record where any nation has experienced in so short a time commercial changes of the magnitude indicated, and yet continued to exist with any degree of natural strength and prosperity.”

Mr. Wells very properly regards “ the highly protective policy which characterised the fiscal legislation of the United States since 1860,” and the irredeemable and fluctuating paper currency of the United States, as the true cause of “ the flag of its commercial marine having been almost swept from the ocean ; the power to sell in foreign markets the products of its manufacturing industries has been greatly diminished, while the importation of the products of foreign competitive industries has been continually and most remarkably augmented.”

Mr. Low, in his evidence before the “ Select Committee to inquire into the causes of the decline of American shipping,” says very truly, “ the foe to our commercial development is in cabinets, and not in hostile cruisers ; money instead of guns is the instrument employed to secure supremacy on the ocean ; and in these modern days victory is won under the banner of peace. When our legislators cease to be mere politicians, and learn to be statesmen, they will heed the voices that come up from the sea.”

The Committee, in their voluminous report, say “ it is difficult

to realise that our country, which in a little more than half a century, ending in 1860, had reached the very foremost rank of maritime nations, has in less than a decade lost half its merchant shipping and all its maritime prestige, and that we now stand debating whether we shall yield without a struggle all, and become the mere commercial dependency of the nation for whose advantage we have been thus spoiled and reduced. From 1861 to 1866 our tonnage engaged in foreign trade decreased from 2,642,628 tons to 1,492,926 tons, a loss of 1,149,902 tons, or more than 43 per cent., while Great Britain in the same time gained 986,715 tons ; or more than 80 per cent."

"Our exports have doubled since 1853, while the percentage carried on American vessels has fallen from 67 per cent. to 34 per cent." The Committee also point out the fact that nearly 70 per cent. of the imports into New York are in foreign vessels.

In dealing with the "causes of decline," the Committee refer to one or two points that may be of service to us in considering this question. "It has been urged that this depression of our navigation interests is the result of general causes, such as an over-production of tonnage and a depression in the business of the world, but such causes would be temporary in their operation. The period of prosperity would, as it always has, speedily follow that of depression. The facts stated show a decline running through a decade, a period too long to be affected by a mere depression of business or any over-production of tonnage.

"Moreover, the decline has been wholly in the shipping of the United States. While that of other nations has been depressed from the causes alluded to, there has not only been no absolute decline, but as has been shown, a constant increase in tonnage and in the efficiency of their vessels."

I am perfectly willing to adopt this view, and shall test the conclusions of the Committee by the statistics given by them in their report. If the decline of American commerce was caused by hostile cruisers, and by the transfer of American vessels to British owners or registers, it is clear that as the "*Alabama*" was destroyed in June, 1864, this decline must have taken place in the years 1863 and 1864, and that as this was a temporary cause of decline, from that date an increase in American shipping must have followed the large demand for American ships, to replace those that had disappeared from their marine. I shall show by the figures given by the Committee that the decline in American shipping continued after every rebel cruiser had disappeared from the ocean. We must, therefore, look to some other causes for what, in the

words of the Committee, is called "a decline running through a decade, a period too long to be affected by a mere depression of business," and, we may add, too continuous to have been caused by the temporary ravages of rebel cruisers.

"According to the best available data, 919,466 tons of American shipping disappeared from our lists during the rebellion. Of this amount 110,163 tons were destroyed by Anglo-Confederate pirates, while 806,303 tons were either sold to foreigners or passed nominally into their hands and obtained the protection of their flags. Here was an actual loss to the private owners of less than 5 per cent., and a loss to the nation of about 37 per cent. of the total American tonnage engaged in the foreign carrying trade." But it has been already stated by the Committee that the decrease from 1860 to 1866 was 1,149,002 tons, and, as I shall show, the decrease subsequently continued, and is still continuing. Let us, then, turn to the tables given by the Committee, and let us see whether this diminution of over 1,000,000 tons took place in 1863 and 1864.

The following is a statement exhibiting the amount of registered tonnage of the United States, steam and sail, employed in navigation annually from 1860 to 1869, and its annual increase and decrease of each class; also of tonnage built:—

Year ending June 30.	Total Tonnage.	Annual Increase or Decrease of Sail Tonnage.*	Annual Increase or Decrease of Steam Tonnage.*	Tonnage Built.
1860	2,546,237	*34,287	*4,548	212,892-45
1861	2,642,648	*91,079	*5,312	233,194-35
1862	2,291,251	†362,767	*11,890	175,075-84
1863	2,026,114	†284,354	*19,217	310,884-34
1864	1,581,895	†417,523	†26,696	514,740-64
1865	1,602,633	*29,199	†8,511	383,805-60
1866	1,492,926	†209,938	*100,281	336,146-56
1867	1,568,032	*75,280	†174	303,528-66
1868	1,565,732	†26,124	*23,824	285,304-73
1869	1,566,421	*42,825	†8,687	275,230-05

Increase marked by *, and decrease by †.

This table is a very suggestive one, and we shall find it hard to reconcile with it the assertion that the decline of American commerce in the last decade of over 1,149,902 tons must be attributed to the ravages of cruisers in 1863 and 1864.

It will be noticed that the decline in 1862 was greater than that in 1863, more nearly approaching that of 1864; and that American tonnage has decreased since 1835. It will also be observed that

shipbuilding has steadily decreased since 1865 from 514,740.64 tons to 275,230.05 tons in 1869.

This remarkable decline of American shipping and shipbuilding after the destruction of the rebel cruisers is best illustrated by the following table, giving a comparison of American and foreign tonnage entered at ports of the United States from foreign countries :—

	Excess of American over Foreign Tonnage.	Excess of Foreign over American Tonnage.
1860	3,567,374	—
1861	2,806,363	—
1862	2,872,407	—
1863	1,974,326	—
1864	—	404,785
1865	—	273,306
1866	—	1,038,364
1867	—	863,621
1868	—	944,915
1869	—	1,945,026

It is impossible to assign all the striking features of this comparison to the effects of the rebel cruisers. In 1865, American and foreign tonnage, it will be seen, were very nearly equal, but since that year foreign tonnage increased until, in 1869, it was nearly two millions of tons in excess of American.

In case ingenuity may suggest some connection between this very remote cause and this most disastrous state of things, I may give some figures which are not liable to be connected with rebel cruisers. The coasting trade of the United States is carefully *preserved* for the benefit of American shipowners, and is therefore alike safe from cruisers and from competition. Yet what do we find? That the same decline observable in the foreign trade is equally palpable in the coasting trade of the United States, and that there has been a steady and uniform decrease since 1865.

Estimated value of American coastwise and inland carrying trade—the estimated specie value of gross yearly earnings being 33½ per cent. of value :—

1860	\$38,370,957	1865	\$52,412,970
1861	39,594,861	1866	42,267,780
1862	42,313,710	1867	41,046,810
1863	46,499,505	1868	41,790,390
1864	51,067,590	1869	38,673,285

It will be noticed that the gross earnings steadily increased from over \$38,000,000 in 1860 to over \$52,000,000 in 1865, from which date there has been a steady decline until in 1869 the figures stand

again at over \$38,000,000. It is probable that since 1868 the Pacific Railway may have diverted a portion of the carrying trade, but it could not possibly have caused so great a decline, and one, too, which began to show itself before the construction of that line.

From 1866 to 1869 the exports and imports in American vessels decreased from \$325,711,861 to \$289,950,272, and the foreign commerce of the country decreased during the same years from \$1,010,938,552 to \$876,442,284.

Mr. Secretary Boutwell's report for 1871 shows that the decline is still progressing. "Returns for the fiscal year 1870-71 show that the ocean commerce of the United States is rapidly passing into the hands of foreign merchants and shipbuilders. In the year 1860 nearly 71 per cent. of the foreign commerce of the United States was in American ships; in 1864 it had fallen to 46 per cent.; in 1868 to 44 per cent.; and in 1871 it is reported at less than 38 per cent."—*i.e.* that in the last three years there has been a far greater decline than in the four years after the destruction of the "*Alabama*."

It was a great convenience to them to have a scapegoat, especially when a rich nation is to be held responsible for the blunders and the sins of American statesmen. Mr. Boutwell, therefore, very naturally, in trying to explain this singular decline of American shipping, gives the "*Alabama*" a prominent place.

"The loss of the shipping of the United States is due chiefly to two causes; first, the destruction of American vessels by rebel cruisers during the war; and secondly, the substitution of iron steamships for the transportation of freight and passengers upon the ocean in place of sailing vessels and steamships built of wood."

The best answer to the latter solution for the difficulty is the fact that Canadian shipping has not only held its own, but has even increased, although iron shipbuilding has not yet been introduced into the Dominion; and as to the *Alabama*, it is clear that even if she and her sister cruisers had never left port, American commerce must have declined. This disastrous change may have been slightly accelerated by these cruisers, but it was inevitable. American shipowners sold their ships because they could not afford to sail them. American commerce has been driven from the ocean by the evil genius of protection, that has pressed like a nightmare upon American industry, and rendered competition with foreign nations a hopeless task.

It would almost seem as if some deadly foe to the Republic had

inspired her councils, and had left no device untried by which the nation might be deprived of its proud position as a maritime and commercial power. I shall endeavour to sketch the effectual course which seems to have been suggested.

In 1860 the United States occupied a most enviable position. Emigration was in every decade adding nearly twenty-five per cent. to their population. Their foreign trade was rivalling that of England. They had, in a large variety of articles, almost a monopoly of the West Indian and of some South American markets. A Reciprocity Treaty threw open a country larger than the United States, extending from the Atlantic to the Pacific, to American manufactures and products, while American enterprise drew the raw products of that vast country across the frontier, and exported them to foreign ports in American shipping. Practically they were the commercial owners of nearly the whole North American Continent. Want of enterprise left the Canadian at the mercy of his more energetic neighbour. The low rate of wages in the United States enabled them to manufacture for the continent. Boots, woodenware, farming implements, castings—almost everything needed by the Canadian, were sent to him in ships or on railways that brought back raw materials that only needed to be sent abroad to realise a large profit. The manufacturer of the Eastern States got cheap coal from Nova Scotia and from Britain, and not only had the benefit of cheap fuel, but also of low rates of freight for the export of the productions of his industry. English manufacturers and shippers utilise the export of coal, salt, pottery, and other bulky articles, and thereby save the outward freight. The United States enjoyed the very same privilege, except that with them their return cargoes were inward instead of outward. When we remember that in one year the shipping interests of England realised six millions on the export of coal by way of freights, and that the coal-owners only realised four millions, we can understand the benefit, in point of return freights alone, that the importation of coal, gypsum, salt, pottery, &c., brought to American shipping and to American merchants.

Every one of these advantages was most blindly and deliberately sacrificed. A great war broke out, which was in itself a sore strain upon the United States, and endangered its future as a maritime and commercial Power. The utmost caution was needed to lighten the burden of war-taxes as much as possible, and to make them press lightly on American industry.

Instead of this wise course the very opposite was adopted. To make the taxation as heavy as possible it was necessary to pay

off the huge debt without delay, although delay was sure to greatly increase the population and wealth of the Republic, and its consequent ability to pay. But even this was not enough; the people must also bear not only the war debt, but also the grievous burden of building up rich monopolies. The tariff was not a revenue, but a protective one. Prohibitive duties were put on that excluded many articles needed by the labourer and artisan, and cut off a source of revenue, while the price was enormously enhanced to the consumer. What the consumer lost in one way he equally lost in another. The revenue that was indirectly diverted into the pockets of monopolists had to be made up in some way, and fresh taxes and duties were needed to supply the deficiency.

Agricultural produce and coal were almost excluded, and every consumer and manufacturer felt the consequence in the increased cost of fuel and wages. The United States had become the factors of British America, and Colonists were content to let Americans reap the harvests while they themselves had all the toil. In 1863 \$80,000,000 worth of products, which the Canadians could have more cheaply shipped abroad in their own ships, was carried over American railways, and sent abroad in American ships. The wonderful discovery has recently been made that there was a *balance of trade* of \$80,000,000 against the United States under the Reciprocity Treaty, because while we imported only from them what we consumed, they not only imported articles for consumption, but also in addition an enormous amount of our raw materials, in order to export them abroad. In fact, this thirty millions of our raw material—*i.e.*, of our capital on which we were stupidly allowing them to trade—we are told, was a balance of trade against them!

The fact that this absurdity has been within the past six months urged in the United States against any renewal of reciprocity proves how little the Americans understand the suicidal policy which they have adopted.

The American shipowner and manufacturer soon learned it to their cost. The American shipper found that a barrier of not less 25 per cent. was put up to cut off his supplies of timber, agricultural produce, &c., which he had been used to carry to foreign ports. The manufacturer, oppressed by direct and indirect taxes and by enormously enhanced wages, found it hard enough to manufacture, except at a loss; but freights were also enhanced. If he sent his manufactures to Canadian or English ports there was no back freight. Coal was almost excluded by a

prohibitory tariff, and salt, "the blood of the poor," was kept out by an increase of 150 per cent. in the burdens upon it, in order that a few hundred workmen might find employment, and that a score or two of capitalists might become millionaires.

In the meantime labour of all kinds was heavily burdened by all sorts of direct and indirect taxes. Rents rose to an inordinate price. Agricultural produce became almost a luxury. Fuel was a dearly bought comfort, and the very matches with which the labourer kindled his fire, were compelled to contribute to the treasury of the State and to the coffers of capitalists. As a matter of course building ships became a profitless task. Universal protection took out of one pocket as much, and even more, than it put into the other. To encourage shipbuilding was a first duty to the State. Admiral Porter says that a few efficient ships would have stopped blockade-running; but the State could not protect its commerce, and unhappy shipowners, who sold unprofitable ships, which were at the mercy of one or two privateers, were denounced as unpatriotic and traitors, and were prevented from restoring to an American register the ships which they had been forced by a high tariff and a useless navy to place under the protection of a foreign flag. Shipbuilding must be encouraged, but so must timber merchants, owners of copper mines, Pennsylvanian coal-owners, and a swarm of vampyres that had fastened on the Republic, and were sucking out the feeble tide of life that survived in American enterprise. While monopolists have thrived, the labour of the country has starved on high wages, like Midas in the midst of his gold.

"We cannot hope," said an eminent shipbuilder, in his evidence before the Committee on the decline of the American shipping, "for a reduction in the price of labour, as we find it more difficult for our workmen to support themselves and their families on the present rate of wages with the greatly enhanced cost of everything consumed by them, than it was when their wages ruled at the lowest: and until the cost of living is greatly reduced, we cannot hope that the wages of the mechanic and labouring man will rule much below what they are at present; in fact, it cannot be without being oppressive upon them.

As the Americans are unable to build ships except at a loss, they are imitating the dog in the manger. They cannot build ships themselves, and they will not let any other nation build for them; in the meantime they are jealously protecting their empty ship-yards.

But not satisfied with this absurdity, and not content with

having enhanced the cost of production, they have made the *carriage and transit of goods*, as far as they can, a *monopoly*. It is needless to say that the two great desiderata in successful competition in manufactures, &c., are, first, cheap cost of production, and next, cheap transport to market. Many thousands of tons that go to California by the Pacific Railway pass over some hundreds of miles of Canadian railways. The idea of taxing these goods to prevent the encouragement of Canadian lines would be too absurd to be thought of. Yet transit by water is a monopoly; and though Colonial ships could carry American produce more cheaply than their rivals, they are prohibited from doing so. American commerce must pay tribute to protection. The policy is as useless as it is unwise, for even the coasting trade, protected as it is, is steadily declining.

In the meantime other nations have been reaping the fruits, while the people of the United States have had only the husks left to them. Once the American manufacturer supplied British America and the West Indies with manufactures in wood, leather, iron, &c. The tide has turned at last. Manufacturers have sought refuge across the frontier. Canadians are supplying Americans with clothing, whisky, furniture, &c., and have become successful competitors in the foreign markets of the United States.

How American statesmen got rid of "that balance of trade" of thirty millions of dollars, was discussed a year ago by myself in the letter to which I have already referred.

Lest it may be supposed that I am speaking strongly of the policy of the Americans because I am addressing an English audience, I had better quote the criticisms on the protective tariff of the United States made a year ago by myself in the *Boston Post*, and very cordially endorsed by that paper:—

"Those who attended the meeting of the Council of the National Board, or who were present at the dinner given by the Boston Board, had an opportunity of knowing the views of our people at the present juncture. But there are many who were not there, whom I beg leave to address through the columns of your paper. I shall confine my remarks to the subject of the Reciprocity Treaty, the repeal of which we regard as an injustice not to our country, but to your own. We had been reduced to a state of commercial serfdom, but we were willing to serve you. We had made a treaty like that of the Gibeonites; and had it continued we should none of us have been free from being 'hewers of wood and drawers of water' to the Republic. We toiled in the forests, the fields and seas of the Dominion, and gleaned a meagre profit on our labour.

American enterprise, that shamed us, reaped a rich harvest, and shipped abroad our products to foreign ports; building up your trade, and employing your railways, merchants, and shipping. All this has been changed. You have turned us from your door, and forced us to rely on ourselves, and to send our products abroad in our own ships, instead of in those of the Republic. We have profited by the lesson, and have been forced into the position of competitors and rivals, and you are everywhere met in foreign ports by those colonial products of which you once had the monopoly. Commercial pressure on your part has been the hoop that has bound us into a Confederation. Such a step would have been an impossibility but for the repeal of the treaty. You had tapped our trade in the East and West, and had almost made the Canadians strangers and aliens in the eyes of the people of the Maritime Provinces. You forced us to become friends by repealing the treaty. The blow was at first a heavy one, but we have recovered from it, and there is not one interest now in the Dominion that is not prosperous, excepting the coal trade, the prosperity of which is a matter of greater moment to your country than it is to ours. Independently of the heavy burdens that have been thrown by the coal-tax on every householder and manufacturer in the Eastern States, as a mere question of freights, you were even more largely interested in the continuance of our coal trade with you than the owners of Nova Scotian coal-mines.

“This point I need not discuss here, as it has been fully argued before the Council of the National Board of Trade, as well as referred to at the dinner at Havard.

“If ever a lying spirit was sent to mislead a nation, it was the evil genius that induced your Government to repeal the Reciprocity Treaty. At the outbreak of your war, startling as the fact may appear to you, we were even more unanimously in favour of the preservation of the Union than you yourselves were. We had no political ties or party influences to warp our judgments; and we were to a man on the side of the country with which we were closely connected, against a distinct section of your Republic, of which we knew little except through the fugitive slaves that sought a refuge in our country. If we knew little of the South, we certainly cared less for it. When the telegraph announced the bombardment of Fort Sumpter, our Legislature adjourned for the day, as if some great calamity had befallen us, and adopted a strong resolution of sympathy with the Republic. But it was not in words only that this feeling was evinced. Hundreds of our people enlisted in your army, many of whom returned maimed

from your battle-fields, or left their bones to whiten in the scenes of your struggles. Hundreds more would have joined your ranks, but they found to their amazement that they must remain at home to fight for the protection of their own country, not for you, but against you. A question of which we know nothing arose between England and your country, as to whether the struggle on the part of the South should be regarded abroad as a *bona fide* war. It proved in time to be not only a war, but also one of the greatest wars of modern times. To our intense indignation and surprise, we heard the proposal made to settle your difficulties by invading us. The Demon of Discord was to be appeased by sacrificing us as victims upon its altar. I need not say how we felt. How would you feel in such a case? Having irritated a friendly people, you completed the work by having fortifications erected along our lines, not for defence, but for invasion. Then the next step was to sever the commercial ties that bound us to you in willing bondage. We were not cordial sympathisers with you, therefore the treaty must be repealed to punish us; and a barrier was erected against us. You cut off the sources that fed the vast volume of your foreign trade, and then you wondered why the stream dried up, and why your ships were idle and your trade paralysed. The "*Alabama*" was blamed; but the diminution continued at an increased rate after she was destroyed.

"What is now to be done? To exorcise the Evil Spirit by invoking the memory of kindred ties, by forgetting and forgiving the faults and the failings of the past, and by renewing those bonds that were severed in passion, and that should be restored in calmer and more generous moments of reflection. A time must come when the dead must 'bury their dead.' Surely the time has now come for a general forgetfulness even of wrongs."

The following are the comments of the *Boston Post*:—"The more obvious disadvantages to which we impulsively subjected ourselves by the abrogation of the Reciprocity Treaty with Canada and the Provinces are set forth with much force in a communication from Mr. Haliburton, to be found in another column. He proceeds to show in a few words how, to use a well-known phrase, we bit off our nose to spite our face; and demonstrates what he asserts so positively, that it was owing to our own commercial pressure on the Provinces that they embarked in Confederation, and that we now find them rivals in markets which were before wholly our own. It was not necessary to show us that, both by the weight of our coal-tax and the loss of our remunerative freights, we had needlessly relinquished profits that no one had

disputed our rightful possession of till then. Of course the view of Mr. Haliburton concerning the whole matter is from the other side of the line, but that ought to help us to take the larger and clearer one ourselves.

"The writer presents an impressive sketch of the causes and progress of the alienation that was suffered to interpose between the United States and the Canadas, whose culmination was the annulment of the Reciprocity Treaty and a fanatic proposal to heal our domestic feuds by joining in a crusade to wrest the Provinces from the British Empire. He lays too much stress, however, on the latter, for it at no time was entertained by any sane mind in the country. We felt certain, on our part, that peace and justice and neighbourly kindness would effect an ultimate union, through natural economic agencies, such as no measures of violence could accomplish. It is quite enough to know that, in the hour of passion, Congress snapped the strong commercial bonds that held us together, and would eventually have made us one, and that until the present day, under the shelter of the new Treaty of Washington, no opportunity has offered for reversing mistakes and restoring relations which should never have been allowed to remain so long neglected."

Their blundering policy has been due to the fact that the American Republic is governed not by the people, but by a monied aristocracy, by gigantic coal and railway companies, by wealthy salt speculators, and by a powerful ring that can control legislation, even if it cannot influence elections. Much of the strong feeling that has been excited against England and Canada has been stimulated by Protectionists. The plea of starving Canadians into annexation was a plausible excuse for keeping up a heavy duty on coal and timber; and within the past few days the first rumour of the rejection of the "*Alabama*" Treaty was followed by a patriotic cry in the United States of "Let us punish them by heavy duties on British products." My friend, Mr. Atkinson, of Boston, one of the ablest advocates of free trade, has in his clear, incisive style laid bare the selfishness of American Protectionists; and only a few weeks ago the ruinous effect of their influence on American shipping was most conclusively demonstrated. A deputation of persons interested in the commerce of the Lakes protested against the coasting trade of the Lakes being thrown open to Canadian ships, because the result would be to drive American shipping from those inland seas. This is a startling assertion, for there are surely no "*Alabamas*" there. The solution for this enigma is in the fact that American commerce has been so heavily

burdened by protection that American vessels cannot sail in the same waters with British shipping.

There is a great truth which Americans seem to have forgotten, that universal protection is but another term for universal burdens. Where every man is protected, every man must contribute to protect his neighbours. He has therefore to pay in taxes, &c., as much out of one pocket as he receives from protection in the other. But the process is a losing one. The taxpayer and consumer have to pay to the uttermost farthing, but all that pay does not go to the Treasury, or even to the coffers of the rich monopolist. The cost of collecting oppressive taxes, and the amount fraudulently retained by an army of officials—all make up a grave percentage of the amount taken from the taxpayer.

The American people at the present moment remind me of three Irishmen who, fifteen years ago, were by accident left at Halifax by the English steamer, and were compelled to travel overland *minus* their luggage. A fellow-passenger of theirs was the late Judge Haliburton, who condoled with one of them on their having no change with them. "Faith, Judge," said one of them, who was a humorist, "we've got a change, such as it is; but it's no great shakes after all, for sure, the only change we've got is changing with one another." The Americans have fancied that they would grow rich by protection, and are beginning to find that they have been merely "*changing with one another.*"

