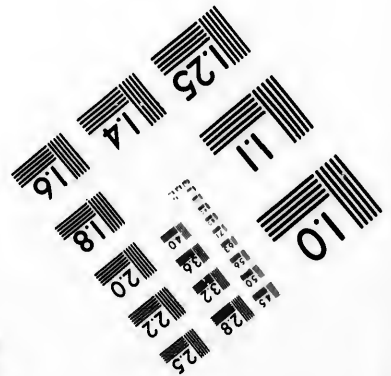
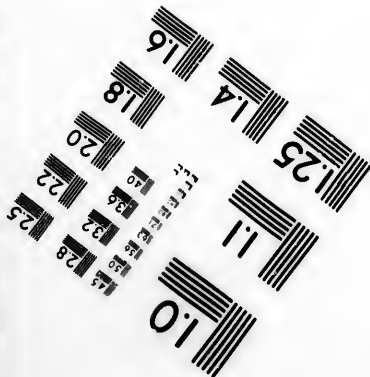
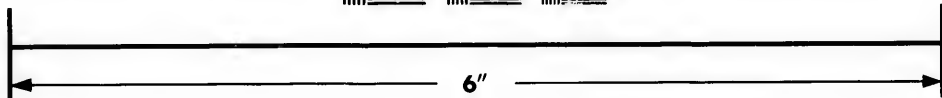
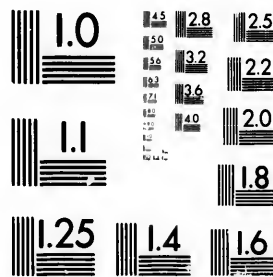


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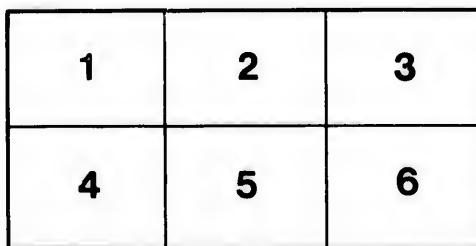
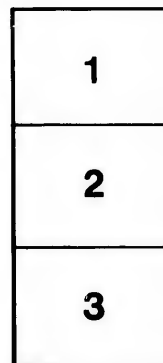
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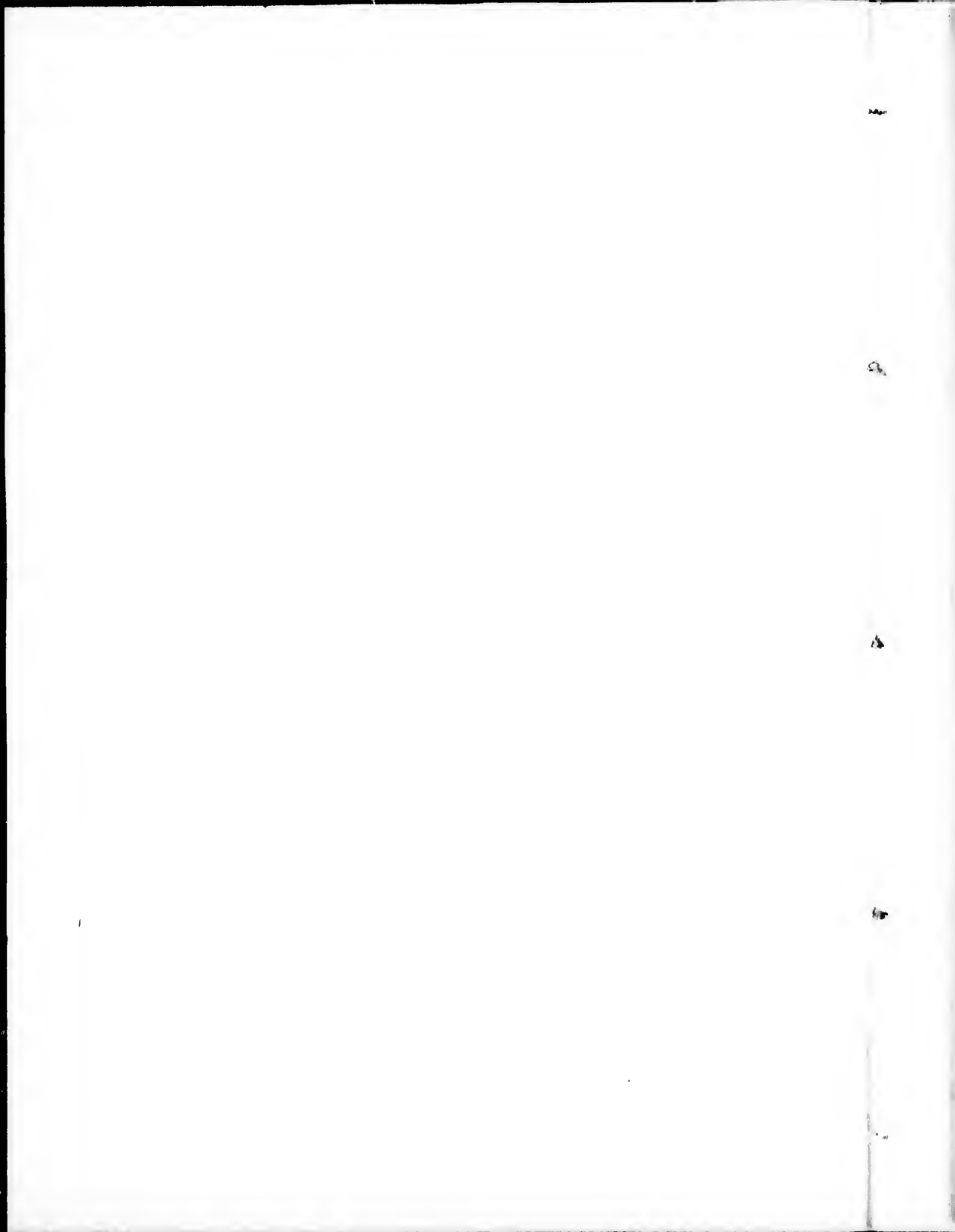
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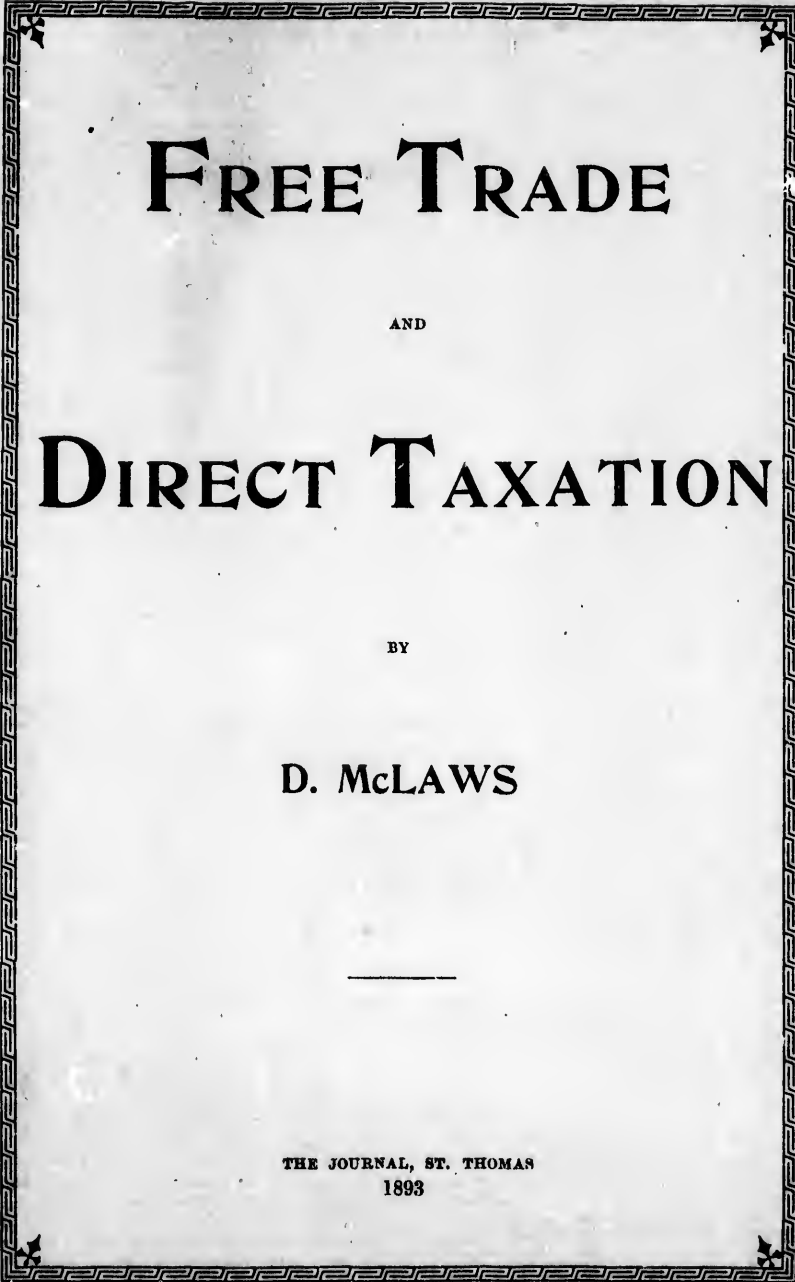
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**FREE TRADE**

AND

**DIRECT TAXATION**

BY

**D. McLAWS**

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THE JOURNAL, ST. THOMAS  
1893

76123

FREE TRADE

AND

DIRECT TAXATION

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By DAVID McLAWS.

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ST. THOMAS, ONT. :  
THE JOURNAL,  
1893.



Henry J. Morgan Esq  
Secretary of State Department  
Ottawa  
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## Free Trade and Direct Taxation.

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It must be admitted by all who take any interest in public affairs that Canada is passing through one of the greatest crises in her history. Much will depend upon how the ship of state is guided through the closing years of the nineteenth century, as to what will be Canada's future destiny. It therefore behooves all true lovers of their country to acquit themselves like men, and not allow party strife and bickerings to stand in the way of the best interests of the country. Unfortunately, party strife has run so high for a great many years that too many look upon it as their first and greatest duty to be loyal to their party, and thereby allow their country's weal to take a second place. To such an extent has it been carried that, when any great question affecting the state is being discussed, thousands of our people never stop to investigate the true issue for themselves, but merely consider which party is advocating it, and cast their votes accordingly. We should take a lesson from the mother land, where principle, and not party, governs. There, when any party fails to carry out principle, or do anything dishonorable, party lines are broken, that principle may triumph.

Until the electorate value the franchise as a sacred trust, to be used for the general advancement of the country as a whole, we cannot expect our condition to improve as it should.

The agitation for tariff reform has no doubt taken a hold on the people of this country, and the issue must be fought out, but how far the country is prepared to go is uncertain. The Government say that they are prepared to lop off the mouldering branches, and the Liberal party ask that the tariff be so arranged that it will be a tariff for revenue only, with free trade as the ultimate goal.

There is no doubt that a great deal of good could be accomplished if this policy were carried out. Then duties could only be placed on articles not produced in Canada, for whenever a duty is placed upon any article produced at home it, of necessity, protects the home article, unless there is an inland revenue duty equal to the customs duty.

If a 30 per cent. protection is wrong and demoralizing (as, no doubt, it is) so is a 15 per cent. protection, the only difference being in degree. It is popularly supposed that free trade and direct taxation are impracticable. I shall endeavor to show in the following pages that such a supposition is erroneous and that an enormous amount of money is each year unnecessarily taken from the pockets of the people by the operations of the present system.

If all the revenue we are to receive from customs duties were raised on such articles as are not produced in Canada, doing away with protection altogether, it will be contended that we will not have revenue enough to meet the requirements of the country. The difficulty is increased on account of the policy of the Government in putting on the free list such articles as tea and sugar, that they might claim the credit of giving a free breakfast table, while they are only cheating the public and seeking to protect the home manufacturer, who supplies them with so much money to corrupt the electorate.

#### WHAT WE LOSE BY THE SUGAR DUTIES.

It may be unpopular to tax tea and sugar, but supposing the burden were removed from cotton goods and placed on sugar, what would be the result? As it stands at present, the Canadian refiners have a protection of eight-tenths of a cent per pound on sugar, although they claim they do not take advantage of it. If they do not, where is the necessity for the eight-tenths of a cent protection? It cannot be for revenue purposes, for we only received from sugar, last year, \$77,828.92. The refiners claim that they sell

sugar as cheap as the United States refiners do, but they do not pretend to say that they make as cheaply as British refiners do, and it must be borne in mind that the United States refiner has five-tenths of a cent protection. Therefore, taking the Canadian refiners' own word for it, they pocket five-tenths of a cent on every pound of refined sugar they produce. It is claimed by the Finance Minister that ninety-five per cent. of the refined sugar is home production. We imported 327,674,283 pounds of raw sugar or sugar under fourteen D. S., and ninety-five per cent. of that would be 311,290,568 pounds. A portion of this sugar admitted free is used without refining, so, making a liberal allowance for that, the Canadian refiner must produce at least 250,000,000 pounds of sugar, and five-tenths of a cent on that would be \$1,250,000, which goes into the pockets of the refiner, or \$135,575 more than we received from duties on cotton goods. And still the Finance Minister claims we have free sugar. We imported last year 345,418,485 pounds of sugar, and if we put five-tenths of a cent on all the sugar we imported, whether raw or refined, it would produce a revenue of \$1,725,592, or \$533,578 more than all the revenue we received on sugar and cotton last year.

#### THE COTTON DUTIES.

We imported cotton goods to the value of \$3,992,440, with an average duty of twenty-eight per cent., producing a revenue of \$1,114,425; add wholesale merchants' profits, say twenty per cent., on the duty, would be \$222,885. Then there is the retail merchants' profit on the duties as well as the wholesale merchants' profits, which would amount to \$334,322.

According to Mr. Edgar, cotton manufacturers produced \$14,000,000 worth of cotton goods, and the manufacturers are able to keep their goods up to the price of the foreign market, with the duty added, therefore they are able to take out of the people of this country \$3,920,000 more than they would if cotton goods were on the free list. Then add twenty per cent. for wholesale merchants' profits on the \$3,920,000, which would be

\$784,000, and the retail merchants' profit at twenty-five per cent. on the two amounts would be \$1,176,000, so the amount taken out of the people in one year for cotton goods would be \$7,551,632 more than if cotton were on the free list. All we have to show for this large amount of money is the \$1,114,425 that was paid into the treasury.

THE LOSS FROM COTTON AND SUGAR DUTIES.

Now, supposing we were to make out an account of cotton goods and sugar, and see how much it costs the consumer to get the revenue we receive from those two lines, the showing would be as follows :

Dr.

To amount taken from consumers by refiners.....	\$1,250,000 00
" merchants' profit, say twelve and one half per cent. on that amount.. .. .	157,500 00
" duties on sugar.....	77,829 00
" merchants' profit on same.....	9,778 00
" duties on imported cotton.....	1,114,425 00
" wholesale merchants' profit at twenty per cent...	222,885 00
" retail merchants' profit at twenty-five per cent...	334,322 00
" amount taken from consumer on cotton goods by home manufacturers.....	3,920,000 00
" wholesale merchants' profit on same at twenty per cent.....	784,000 00
" retail merchants' profit on same at twenty-five per cent.....	1,176,000 00
	<u>\$9,046,739 00</u>

Cr.

By revenue from sugar.....	\$ 77,829 00
" revenue from cotton goods.....	1,114,425 00

So to produce a revenue of \$1,192,254, it costs the consumer of cotton goods and sugars \$9,046,739, and, if we raised the same amount of revenue on sugar as we do on both, sugar would be cheaper than it now is, and the account would stand :

Dr.	
To revenue on sugar .....	\$1,192,254 00
Merchants' profits at twelve and one half per cent. ....	149,031 00
Total .....	\$1,341,285 00

Cr.	
By revenue .....	\$1,192,254 00
Loss to consumer .....	149,031 00

As against \$7,854,485 as it now stands. Surely a man must be a bigoted partisan who will say that there is no room for tariff reform.

#### THE COST OF THE DUTY ON WOOLENS.

Now let us see how we stand with woolen goods. We imported last year \$10,341,309 worth of goods under this heading, from which we received a revenue of \$3,095,562.34, making the rate of duties within a small fraction of thirty per cent., and, if we take into consideration the number of hands employed in 1891 over 1881, as shown by the census, we must have produced more at home than we imported; but to be on the safe side, I will take the amount of home production as given by the Finance Minister, a short time ago, in response to a request of Mr. McCarthy, which was, as reported, \$8,447,071, making only \$334,016 more than was produced in 1881. So, if the amount brought down by the Government is the output of 1891, protection has not done much towards increasing home production of woollens. Let that be as it may, it does not do away with the fact that we pay pretty dearly for all the revenue we receive.

I have it on good authority, both from wholesale and retail merchants, that they place at least thirty per cent. on woollens, on an average, to cover all the cost they are put to, and have a living profit. But suppose we calculate both wholesale and retail merchants' profits on imported woollens at an average of thirty per cent. each, and on Canadian woollens at twenty-five per cent., and calculate the amount of home manufactured goods to cost twenty-five per cent. more than the foreign price of similar goods and see what the result will be :

Dr.

Duties on imported woolens.....	\$ 3,095,562 00
Wholesale merchants' profits on duties.....	927,668 00
Retail merchants' profits.....	1,005,307 00
Amount domestic woolens cost over foreign price....	2,111,775 00
Wholesale merchants' profit.....	527,945 00
Retail merchants' profit.....	569,929 00
	<hr/>
	\$ 8,328,186 00
Add the cost to consumer of cotton and sugar.....	9,046,739 00
	<hr/>
Cost of three lines to consumer.....	\$17,374,925 00

Cr.

By duties on cotton and sugar.....	1,192,254 00
By duties on woolens.....	3,095,662 00
	<hr/>
Total.....	\$ 4,287,916 00

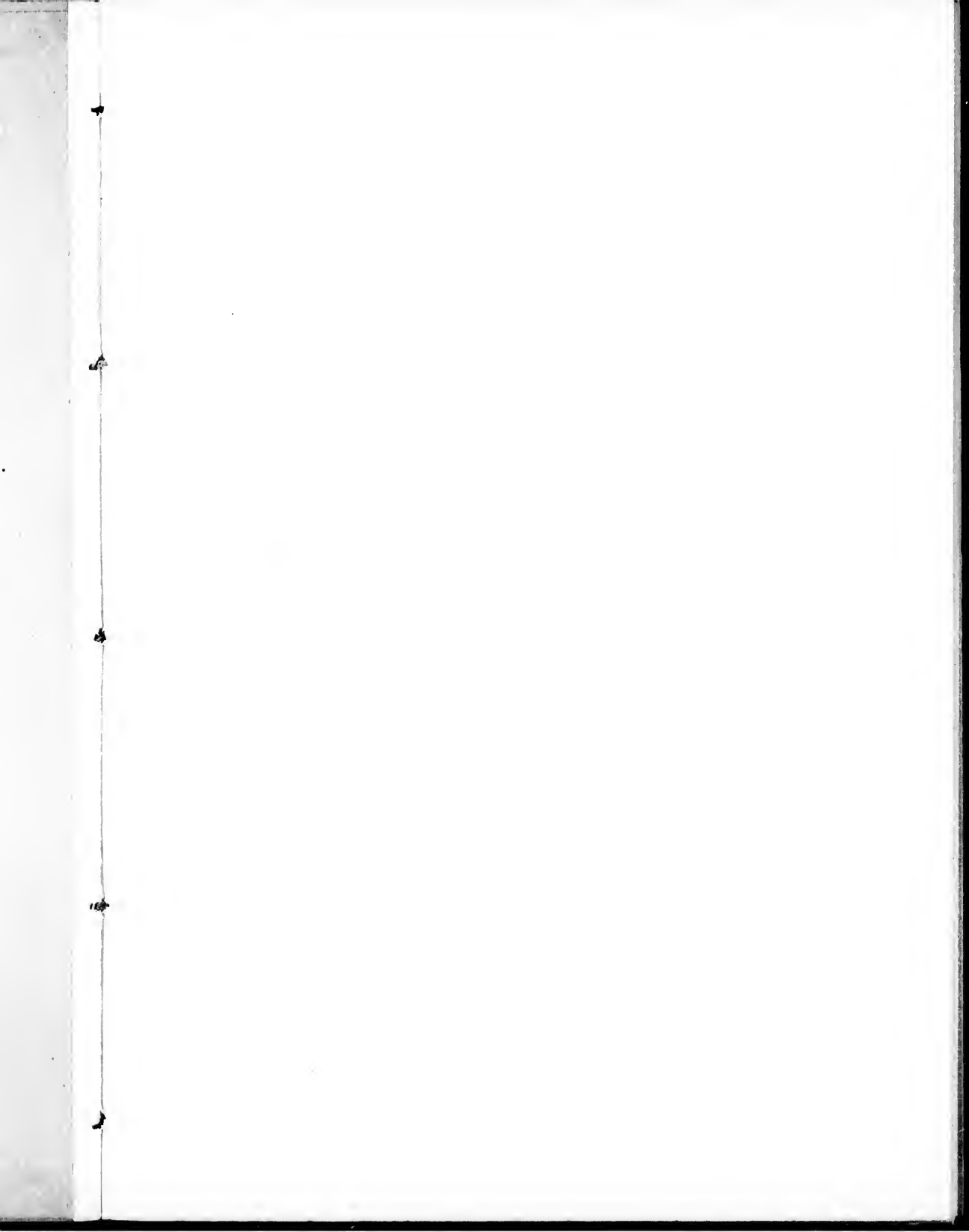
It will be seen that it cost the consumer \$13,087,009 more for the three lines mentioned under the N. P. than it would cost if we had free trade in the lines mentioned.

NEARLY A FIVE MILLION LOSS.

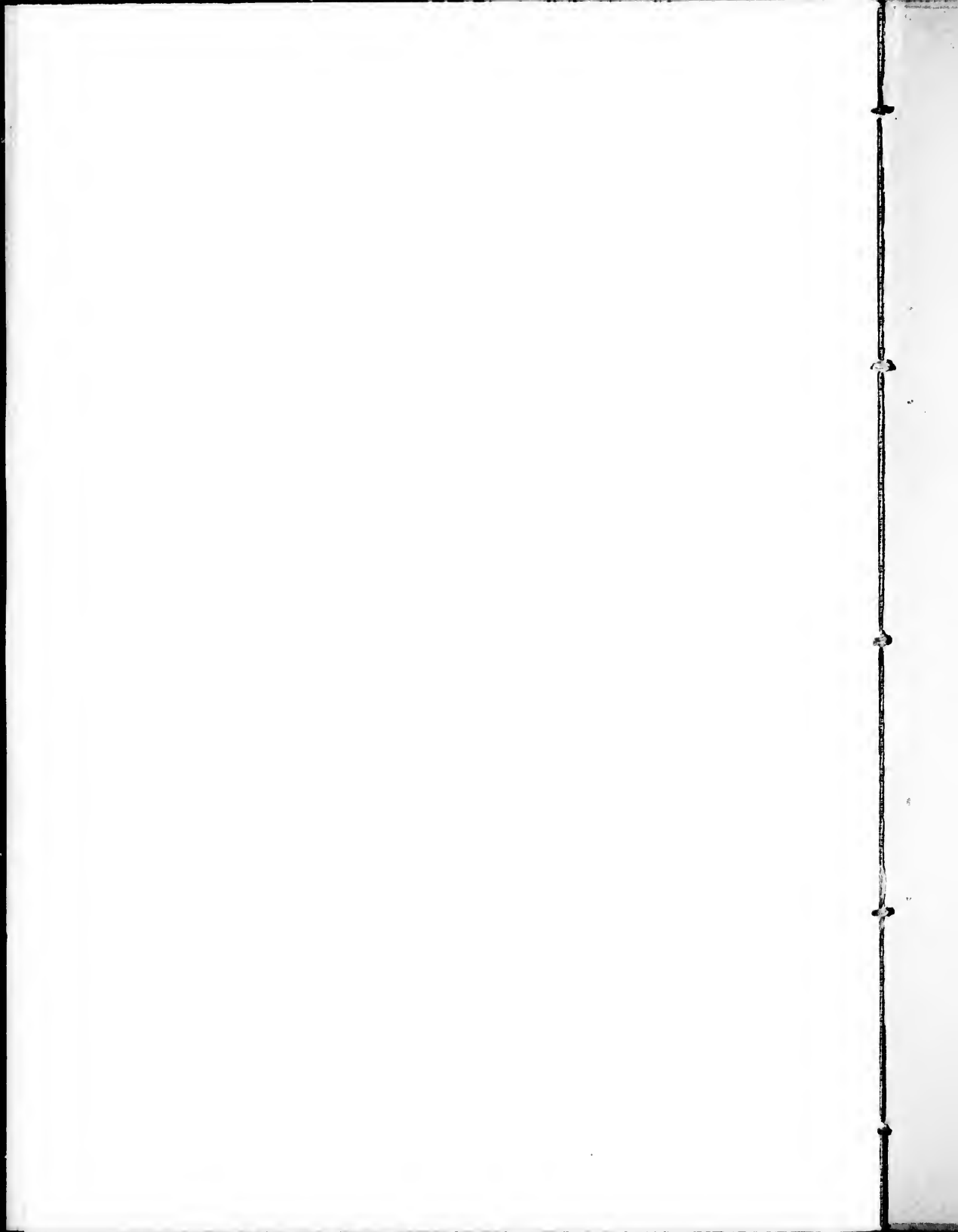
By a return brought down, also at the request of Mr. McCarthy, foundries and machine working industries produced \$16,031,515, and no one will dispute that it costs the consumer, at the very lowest calculation, thirty per cent. more to buy that output under our present policy, than if we had free trade. And that alone imposes a further burden on the people of this country of \$4,803,454, or nearly one dollar per head of our population.

AN ENORMOUS EXPENDITURE.

We imported dutiable goods last year to the value of \$69,160,737, and \$16,869,618 of this amount was for cottons, woolens, sugars, liquors and tobaccos. These articles produced a revenue of \$6,821,058, the balance of our imports, amounting to \$42,291,119, produced a revenue of \$13,729,516. It will cost the consumer at least thirty per cent. merchants' profits upon these duties, which would amount to \$4,118,885. Now let us see how we stand, taking the amount that it cost the consumer under protection as given above :







Dr.

Woolens, cottons and sugars .....	\$17,374,925 00
Amount that it costs for home products of foundries and machine working industries .....	4,803,454 00
Duties as above stated on all imports other than sugars, cottons, woolens, liquors and tobaccos .	13,729,516 00
Merchants' profit on same .....	4,118,885 00
	<hr/>
	\$40,026,780 00

Cr.

By revenue .....	\$18,017,432 00
Loss to consumer .....	22,009,348 00

This is not taking into consideration at all the cost to consumers of the output of a great many protected industries I have no doubt that if the output of all the protected industries could be got at, that Sir Richard Cartwright was within the mark when he said that over \$60,000,000 a year is taken from the people, directly and indirectly, under the operations of the tariff (notwithstanding Mr. Foster's great indignation). If Mr. Foster, while making his investigations during recess, would inquire honestly as to the state of affairs and report, I am afraid he would have to apologize to Sir Richard.

A GREIVIOUS BURDEN.

If we add to the forty million odd dollars, as shown above, \$10,478,259 received from customs and excise on liquors and tobaccos, it makes the burden on less than five million of people \$50,505,019 a year. Surely it is time for tariff reform, and the only true reform is to wipe out the system of raising the revenue by custom duties, except on liquors and tobaccos, or upon such articles as are not produced at home. It matters not how much you reduce the tariff, it places a burden on the people and gives one class an advantage over another.

A TARIFF FOR THE RICH.

The great plea for raising a revenue by custom duties, is that the rich bear the burden, but if we look into the tariff we shall find that the reverse is the case. Take, for example, woolens, taxed

ten cents a pound, and twenty per cent. All know that the class of goods worn by working people is coarser, and weighs more than that worn by the rich. Take a fine line of worsted costing \$1.92, and weighing sixteen ounces per yard. The specific duty on the yard would be ten cents; ad valorem duty, thirty-eight cents; total duty, forty-eight cents; rate of duty twenty-five per cent. Now take a line costing seventy-two cents, weighing twenty-eight ounces: specific duty, seventeen and one-half cents; ad valorem duty, fourteen and one-half cents; total duty per yard, thirty-two cents, or forty-four per cent.

Now take a five pound blanket, sold by manufacturers in Britain at eighteen cents: Cost of blanket, ninety cents; specific duty at ten cents per pound, fifty cents; ad valorem duty, eighteen cents; total duty, sixty-eight cents; making the rate of duty seventy-five and one-half per cent. Then take a blanket of the same weight but of a finer quality, costing forty-eight cents per lb. Manufacturer's price, \$2.40; specific duty, fifty cents (same as the poor man's blanket), ad valorem duty, forty-eight cents; total duty ninety-eight cents, making the rate of duty forty-one per cent.

And while prints are charged thirty-two and one-half per cent., silks are admitted at thirty per cent. The same thing applies to wagons, buggies and carriages of all kinds. A rig costing \$50, or less, is taxed \$10 and twenty per cent., and one costing \$100, or less, is taxed \$15 and twenty per cent. Perhaps in no part of the Dominion is this tax felt as much as in Manitoba and the North West. Supposing a man wanted to buy a buckboard wagon costing at the factory \$30, he would have to pay \$10 specific duty and twenty per cent. on the \$30, \$6 total tax, \$16; being at the rate of fifty-three per cent. while the wealthy man gets his carriage at thirty-five per cent. We might go on enumerating article after article, with the same result.

#### THE "PRODUCING" CLASSES.

When I say that the merchants' profits are so much, I do not wish to be understood as saying that what I have stated

are their net profits, for if the wholesale man can clear from five to six per cent. over and above all his expenses upon his turn-over, he would be all right. And so with the retail man, if he makes from seven to ten per cent. on his turn-over he would be considered a successful merchant. But we must take into consideration the great expense he is put to in keeping up his establishment, taxes he has to pay, the men he has to employ, travelling expenses, and so on, which eat up a large part of what is called profit on the goods he has to sell, but, at the same time, all these expenses must be added to the selling price of the goods and paid by the consumer. And while on this point I think a very erroneous idea has got hold of a great many well-meaning people. When speaking of the producing classes, they narrow the words "producing classes" down to mean those only who till the soil, work the mines, or those who are engaged in converting the raw material into the finished article. The merchant is not included in the producing class at all, when, in reality, he has just as much right to be placed in the producing class as he who tills the soil. Fancy a community without a merchant, and every man becoming his own provider of everything he requires which is not produced by his own hands. Without a merchant he would in many cases have to send, or go himself, hundreds of miles to procure what he required, and in place of tilling the soil his time would be taken up in going for and coming back with supplies, and the result would be that he could not attend to his own business. But, as it is, the wholesale merchants, who go abroad, bring into the country in bulk such materials as are required, thereby enabling the retail merchant to purchase such articles as are required in his locality, and the people of his locality are enabled to get what they require at a small advance on the original cost; it may appear large, but it is not one-tenth of what it would cost had we no merchants, therefore the merchant is entitled to be called producer, and so is every man who is engaged in any legitimate calling.

The school teacher who teaches the young, enabling them to better succeed in life, the soldier who protects the country,

the lawyer who manages our legal affairs, the judge on the bench who administers the laws of the country, are just as much playing their part towards producing the wealth of this country as the man who tills the soil, that is, if all these people discharge their several duties faithfully and honestly.

But while it must be admitted that much may be done by reforming the tariff, it must also be admitted that it is an expensive and delusive way to raise a revenue. If the people could only realize the amount that is taken from them without their knowledge, I do not think they would stand it. The plea for customs duties is, that it is a convenient way to make our contributions for the support of the government, and that the rich contribute the greater portion of the revenue. There might be something in that contention if the revenue were raised solely from luxuries, but outside of liquors and tobaccos there is not more than two or three millions raised on what may be called luxuries, and the balance is raised on the necessaries of life. Are the luxuries only for the wealthy? Are the laboring classes of this country not entitled to some of the imported luxuries? The most of what are called luxuries are very cheap, if they were not made dear by duties and merchants' profits upon the duties.

The fact is that the wealthy, under our present system, do not contribute to the revenue of the country in proportion to their ability, but the burden is thrown on the producing class by our protective system, making the masses of our people nothing more than hewers of wood and drawers of water, while the protected class revel in ease and luxury.

Let us take the average mechanic in our own city under free trade and direct taxation, and contrast it with his present position. He is a good mechanic who earns from \$400 to \$500 a year, and very few of his class are assessed at more than \$1,000. For every million raised by the government by direct tax he would have to contribute fifty-seven cents and seven mills, and if we raised \$7,000,000 his share would be \$4.04. Now take a man with an income of \$2,000: he would

probably live in a house assessed at \$3,000, \$3,500 or probably more, so his assessment (including his income) would be not less than \$5,000, making his contribution to the support of the country, on each million raised, \$2.88½, or on the seven millions, \$20.19½. It will be seen that the man with the \$2,000 has five times as much of an income as the man with the \$400 income, and he would contribute five times as much to the revenue of the country. But under our present system the man with the \$400 has to clothe, feed and buy boots and shoes for as many as the man with the \$2,000, and very often more.

The same rule will apply to our farmers. Take the township of Yarmouth or Southwold, two of the highest assessed townships in this county. The share a farmer would have to contribute for each million raised directly by the Dominion on each thousand of his actual assessment would be fifty cents and five mills, or for seven millions, \$3.53. A man owning a good, improved 100 acres would not be assessed for more than \$4,000 in those townships, so it would cost him \$14.12. Then take a man with 200 acres, equally as good, and assessed \$8,000, he would be called upon to pay \$28.24. Each man must have a complete outfit of implements and about the same amount of imported and protected goods to buy, so that the man under our present system with the hundred acres would have to contribute a good deal more in proportion to the man with the 200 acres, but under direct taxation the man with 200 would be paying twice as much as the man with 100 acres, fulfilling the Divine order that every man shall contribute according to his ability.

As I have shown above, a man in the townships mentioned, assessed for \$8,000, would have to pay \$28.24. Now let us see how much goods he would have to buy if we had free trade (allowing the merchants the same profit on the money invested as they have under protection) to save enough to pay his taxes. I don't think a farmer would be considered extravagant if he purchased for himself and family

in a year \$30 worth of woolen goods at the factory prices in Britain, and \$20 worth of cotton goods in the same way, and still he would save, if those two lines were on the free list, about enough to pay his whole taxes on a 200-acre farm in either the townships of Southwold or Yarmouth.

It has been shown that woolen goods are charged, on an average, thirty per cent. duty. The account would stand in woolens :

UNDER PROTECTION.

Manufacturer's price.....	\$30 00
Duties on \$30.....	9 00
Wholesale merchants' profits, at thirty per cent.....	11 70
Retail merchants' profits, at thirty per cent.....	15 21
Cost to consumer under protection.....	<u>\$65 91</u>

UNDER FREE TRADE.

Manufacturer's price.....	\$30 00
Wholesale merchants' profits, at thirty per cent.....	9 00
Retail merchants' profits, at thirty per cent.....	11 70
Cost under free trade.....	<u>\$50 70</u>
or \$15.21 in favor of free trade.	

UNDER PROTECTION.

Cotton goods, manufacturer's price.....	\$20 00
Duty, at twenty-eight per cent.....	5 60
Wholesale merchants' profits, at twenty per cent.....	5 12
Retail merchants' profits, at twenty-five per cent.....	7 68
Cost under protection.....	<u>\$38 40</u>

UNDER FREE TRADE.

Cotton goods, manufacturer's price.....	\$20 00
Wholesale merchants' profits at twenty per cent.....	4 00
Retail merchants' profits, at twenty-five per cent.....	6 00
Cost under free trade.....	<u>\$30 00</u>
or \$8.40 in favor of free trade.	

So it will be seen that the consumer will save \$15.21 on the woolen goods and \$8.40 on the cotton goods, or the \$30, worth of woolen goods and the \$20 worth of cotton goods, that is at manufacturer's prices, costs the consumer, under

protection, \$104.31, whereas under free trade the same goods, allowing the merchants the same profits on their money, cost \$80.70, being \$23.61 less under free trade, or within \$463 enough to pay the amount a farmer assessed at \$8,000 would have to pay in direct taxation to raise \$7,000,000, and all the other protected or dutiable goods he would have free, which would be a clear gain.

Nobody knows better than the farmer himself what this would amount to, but it must be considerable.

Now let us see how much wheat at sixty-five cents a bushel it would take to pay for the goods mentioned above. It would take 160 bushels and 28 pounds under protection, and 124 bushels and 10 pounds under free trade, to buy the same amount of goods—a saving of 36 bushels and 18 pounds, or about enough to provide bread for an ordinary family. It requires no argument, after fifteen years experience to prove that protection does not raise the price of wheat. That being so, surely it will be in the farmers' interest to buy as much as possible of the goods required for as small a quantity of wheat as they can. Under our present trade policy, if a man had 124 bushels and 10 pounds of wheat, and he wanted to buy \$104.31 worth of woolen and cotton goods he would require to get for his wheat 84 cents per bushel, and I have shown that the 124 bushels and 10 pounds would buy the same goods under free trade, or, in other words, free trade would increase the purchasing power of a bushel of wheat to 84 cents. Since we, as a country, produce more than we require for home consumption of such things as lumber, minerals, fish, and farm produce, we must find a foreign market for our surplus. And, seeing we cannot increase the price by protection, or by making ourselves pay more for what we require to buy of the product of others, the only reasonable solution is to adopt free trade, to enable the masses of our people to get the product of others for as low a price as possible.



Is it not natural and common sense for every man to get as much of the good things of this life with as little exertion as possible, and the only way that it can be obtained is to make this one of the cheapest countries in the world to live in. There is nothing to hinder us from doing so, with our great national resources, with land enough to sustain one hundred millions of people, forests and mines equal to any in the world, our ocean coasts, lakes and rivers teeming with food for man, a climate that cannot be surpassed, varied to suit people from all parts of the world. We should not only become, in the near future, a good agricultural country, but a manufacturing country, trading with the world. If Great Britain can buy our wheat, beef, cheese and such like, and take it 3,000 miles across the sea, to feed her artizans while they are manufacturing goods and shipping them back to us under a thirty per cent. tariff, is there any reason why we could not manufacture as cheap and cheaper than they do when we have more of the raw material within ourselves than they have; besides, we have food at a much cheaper rate than they have.

All admit that what we want is population, and to get that we must make this the cheapest country in the world to live in. Then, I think, many in the old land who have an income of from £400 to £500 and upwards, and have their money invested at a low rate of interest, might be induced to come here where they could live in ease and luxury. If that state of affairs was brought about, in place of our sending abroad \$10,000,000 a year for interest on our debt, many of our bonds would be sold at home, thereby increasing the wealth of the country, instead of impoverishing it as at present. No doubt this could be accomplished if we, as a people, would use as much common sense in the administration of our public affairs as we do in private affairs. What would be thought of a man who would spend a large amount of money in constructing a drain through his farm to enable the water to get off his land freely, and then build a dam across the end of the drain to prevent the water's free flow? Why, he would be called a fool.

Well, what else has Canada been doing but this very same thing? We have spent, during the last twenty years, millions on railways and canals for the purpose of overcoming natural obstacles, that trade might flow freely, that our people might have the privilege of a greater trade, and then turn round and put up a high, frowning tariff wall to prevent trade flowing in the natural channel. So if the man who dug the drain was a fool, the same term would have to apply to those who support the policy of this country. Again, we have been spending millions to open the Northwest, and in doing so have impoverished the older provinces. But we were told it would all come back in time, when the Northwest would have a large population, and by our protective system the Northwest would be kept for a market for the manufacturers of the older provinces.

I am fully aware that, with many, direct taxation is very unpopular. The reason for this is that many believe it would be a great burden, and would be even more than our municipal taxes, while, in fact, it would be less than one-fourth, supposing we raised ten millions by direct taxes for Dominion purposes. If it is wrong in principle to raise seven or eight millions by direct taxation, distributed all over the Dominion, surely Ontario is committing a great blunder in her mode of raising municipal taxes, for there is raised by direct taxation for municipal and school purposes, in this province alone every year, between ten and twelve millions of dollars. But, it is said, the Dominion Government has no machinery to raise direct taxes, and to multiply officers for that purpose would be expensive, but even if required it would be no comparison to our present mode of raising the revenue. There is no necessity for creating any new machinery for that purpose; our constitution is not such a fixture that it cannot be amended, and even if we should not have the power ourselves the Home Government is always available to us to get such amendments as we require.

I see no reason why we could not collect whatever direct taxes we might require through our present municipal

machinery, with no extra expense at all. The first thing to consider would be what basis should be adopted. For example, if it were found that so much per capita on the whole population of the Dominion was fair and equitable, based on the census (even though the census had to be taken, say, once in five years), after the finance minister had made up his mind how many millions he would require, a statement could be made out, showing how much each county, city or town—separate from county—would be required to contribute for Dominion purposes, and have it sent to the treasurer of the county or city, as the case might be. The counties could levy it on the equalized assessed value, as they now do their county rates. The clerk of each local municipality would distribute the amount on the whole assessable property of the local municipality, and in a column headed "Government Tax," place the amount on the collector's roll, who would collect it with the other taxes, as is the case now with any special tax, and at the end of the year forward the amount with the ordinary rates to the county treasurer, who would place the money in a bank designated by the Dominion Government to the credit of the Dominion treasury. But, it may be argued, this might be all very well for Ontario and some of the other provinces, but some of the smaller provinces have no such machinery for collecting direct taxes. However, on making inquiry, I find that Nova Scotia has a system whereby its counties do assess and collect taxes for special purposes, and I believe New Brunswick has a parochial system whereby direct taxes are collected.

I do not pretend to say that the principle I have laid down could not be improved on with regard to the mode of levying a direct tax. It might be found that a greater rate per capita should be levied in one province than another, or even that the rate should be higher in one section of the same province than another on account of the natural advantages one province has over another, or one part of the same province over the other. I merely base my calculations

on so much per capita of the whole Dominion that I may give an idea of what direct taxation costs.

I have made a calculation for a few counties and some cities, showing, in the first column, what each local municipality would have to contribute; in the second column how much each person would be required to pay on each thousand dollars of his actual assessment to raise one million for Dominion purposes, and third column, how much each person would pay on each thousand of his assessment, to raise seven millions.

COUNTY OF ELGIN.

	Amount to be paid.	Per \$1,000 Assessment.	To raise \$7,000,000.
Aldbrough.....	\$ 851 10	\$0 51	\$3 57
Dunwich.....	936 40	50	3 50
Southwold.....	1,289 34	50.5	3 53
Yarmouth.....	1,388 27	50.5	3 53
Malahide.....	1,035 45	50.4	3 52
Bayham.....	498 85	44.4	3 10
South Dorchester.....	591 62	55.3	3 87
Aylmer.....	162 45	23.2	1 62
Vienna.....	25 65	35	2 45
Port Stanley.....	30 60	31.4	2 19
Springfield.....	31 05	38.3	2 68
Dutton.....	40 50	30	2 10

COUNTY OF KENT.

Camden.....	\$ 515 76	\$0 47.2	\$3 30
Chatham.....	1,279 79	80.9	5 66
Dover.....	958 47	56.2	3 95
Harwich.....	1,732 20	46	3 22
Howard.....	1,182 10	33	2 31
Orford.....	777 87	55	3 85
Raleigh.....	1,421 48	57.2	4 00
Romney.....	291 80	39.1	2 73
Tilbury East.....	657 30	46.1	3 22
Zone.....	271 85	50.5	3 53
Blenheim.....	135 98	36.5	2 55
Bothwell.....	76 27	36	2 52
Dresden.....	184 06	32	2 24
Ridgetown.....	249 73	36.7	2.56
Thamesville.....	59 69	36	2 52
Wallaceburg.....	173 16	35.5	2 48
Tilbury Centre.....	57 20	34	2 38

COUNTY OF OXFORD.

Blandford.....	\$ 474 76	\$o 44.2	\$3 09
Blenheim.....	1,225 21	54	3 78
Dereham.....	1,196 14	51	3 57
East Nissouri.....	892 70	41	2 87
North Norwich.....	650 07	43	3 01
South Norwich.....	485 81	48.8	3 41
North Oxford.....	389 56	43.3	3 03
East Oxford.....	665 95	44.7	3 12
West Oxford.....	474 84	44	3 08
East Zorra.....	1,105 61	39.8	2 78
West Zorra.....	1,057 53	40.5	2 83
Woodstock.....	1,029 51	40	2 80
Ingersoll.....	541 26	40	2 80
Tilsonburg.....	259 79	40	2 80
Embro..	64 12	40	2 80
Norwich (village).....	118 21	40	2 80

COUNTY OF HURON.

Ashfield.....	\$ 838 39	\$o 49	\$3 43
Colborne.....	578 81	48.1	3 36
Goderich.....	885 15	58	4 06
Grey.....	857 81	49	3 43
Hay.....	810 00	42	2 94
Hawick.....	995 00	47	3 29
Hullett.....	947 28	41.4	2 89
McKillop.....	874 33	45.7	3 19
Morris.....	761 85	42.6	2 98
Stanley.....	788 77	44.3	3 10
Stephen.....	835 87	46	3 22
Tuckersmith.....	830 93	39.2	2 74
Turnberry.....	476 89	45.2	3 16
Usborn.....	866 07	46.1	3 22
East Wawanosh.....	557 05	47	3 29
West Wawanosh.....	631 40	53.7	3 75
Bayfield.....	34 48	38	2 66
Blythe.....	69 42	36	2 52
Brussels.....	105 87	34	2 38
Clinton.....	232 00	37	2 59
Exeter.....	144 21	31	2 17
Goderich (town).....	374 62	33.2	2 32

COUNTY OF WELLINGTON.

Arthur.....	\$ 807 96	\$o 62.5	\$4 37
Eramosa.....	788 11	37.4	2 61
Erin.....	1,053 88	50	3 50

Garafraxa West.....	\$ 685 55	\$0 63.4	\$4 43
Guelph (township).....	759 96	49.4	3 45
Luther West.....	406 41	68.2	4 77
Maryboro.....	927 96	80	5 60
Minto.....	895 14	79	5 53
Nichol.....	550 52	44.4	3 10
Peel.....	1,305 67	70	4 90
Pilkington ..	537 89	51.7	3 62
Puslinch.....	736 30	51.3	3 59
Palmerston.....	171 39	51.3	3 59
Elora.....	131 41	43.6	3 05
Fergus.....	181 64	41.7	2 92
Mount Forest.....	230 45	37	2 59
Arthur (village).....	96 50	44.6	3 12
Harriston... ..	177 91	45.3	3 17
Clifford.....	34 31	41.7	2 92
Drayton.....	51 60	38.3	2 68
Erin.....	36 32	41.2	2 88

COUNTIES OF STORMONT, DUNDAS AND GLENGARRY.

Cornwall (township) .....	\$ 1,154 66	\$ 1 10	\$7 70
Roxborough .....	765 33	1 00.6	7 04
Finch.....	575 59	1 00	7 00
Osnabrucl.....	1,287 87	1 11	7 77
Cornwall (town) .....	1,011 36	75.2	5 26
Morrisburg.....	373 72	53.8	3 76
Williamsburg .....	1,174 10	77.4	5 41
Winchester (township)....	818 82	61.3	4 29
Matilda.....	1,217 34	85.1	5 95
Mountain.....	854 78	54.8	3 84
Iroquois.....	203 11	59.6	4 17
Chester ville.....	61 74	53.6	3 75
Winchester (village) .....	88 20	41	2 87
Charlotteburg.....	1,348 66	1 12.4	7 86
Lancaster (township).....	983 98	1 07.2	7 50
Lancaster (village).....	79 38	98.1	6 86
Kenyon.....	844 66	1 10	7 70
Lochiel.....	997 02	95.7	6 70
Alexandria.....	127 89	63.1	4 41
Maxville.....	48 51	93.2	6 52

COUNTY OF WELLAND.

Bertie.....	\$ 761 49	\$0 40	\$2 80
Crowland.....	362 68	90	6 30
Humberston.....	593 58	70	4 90
Pelham.....	644 42	68	4 76

Stamford.....	507 65	66.2	4 63
Thorold.....	509 96	75.7	5 30
Wainfleet.....	787 25	75	5 25
Willoughby.....	321 37	74	5 18
Chippewa.....	42 53	44	3 08
Fort Erie.....	43 63	20	1 40
Port Colborne..	121 52	40	2 80
Niagara Falls (village)....	75 95	44	3 08
Thorold (town) ...	259 45	37.7	2 63
Welland.....	227 85	37	2 59
St. Thomas.....	2,136 22	55.7	3 89
Toronto.....	37,558 25	24.4	1 70
Kingston.....	3,968 38	50.5	3 53

On a first glance the rate on the thousand of actual assessment appears to differ considerably, but on examination of the assessments in the local municipalities the inequality disappears. When we take into consideration the equalized assessment of the county, as made by the county council, in some cases townships are equalized at nearly double their actual assessment, and this is done by men who are conversant with the value of the land through the whole county, therefore it is that the rate appears to be higher in one local municipality than another, when in reality they are not bearing more than their fair share of the burden. Then in some of the counties there appears to be a very great difference in the population as given by the census and by the assessors. For instance, for the counties of Stormont, Dundas and Glengarry the census returns give the population at about 10,000 more than the assessors' returns, and in all cases I base my calculations upon the census returns.

It will be seen by examining this table that direct taxation is not the great burden some people would have us believe. I think the people of this country are prepared to adopt free trade, modelled something after the British system, and pay direct what is not made up by our revenue from liquors, tobaccos, and our miscellaneous revenue, rather than continue the present system. Surely it is better to pay \$1 direct than \$2 indirect? It is not the people that are afraid of

it, but the public men who have not the courage to advocate it. Sir A. T. Galt said, during his speech on the Confederation Resolutions, "Indeed, I do not hesitate to say that if the public men of these provinces were sufficiently educated to understand their own interests in the true light of the principles of political economy, it would be found better now to substitute direct taxation for some of the indirect modes by which taxation has been imposed upon the industry of the people." Oh, but, it is said, direct taxation is all right in theory, but will not work in practice. If this be the case, then the theory is wrong, because if the theory is right it must be right in practice.

Free trade, as carried out in Britain, has proved a great blessing to her, and before she adopted free trade she was in the very position we are in to-day. Monopolies and corruption permeated the whole body politic. One of the great difficulties that lie in our way is, when a public man is convinced, and honestly so, that a change of policy would be a benefit to the country, and the party he belongs to is opposed to it, he requires a great deal of courage to publicly announce his change of mind. We see Dalton McCarthy to-day condemned by his old political friends because he has courage enough to come out in his place in the House and condemn what he once lauded as the best thing for Canada, but he is able to give good reasons for his change of mind, and instead of being condemned he deserves credit for it.

Sir Robert Peel, in '42, was compelled to modify and ultimately change all his previous conceptions upon the subject, and became the leader of the great reform in the British tariff that ended in the present system, called British free trade. In one of his great speeches, which he made long after he entered upon his course, speaking of the tariff, he said: "I stand and am ready to repeat that statement, that if we had a new society, in which those intricate and complicated interests, which grew up under institutions like those in the midst of which we live, had found no existence, the true



abstract principle would be to buy in the cheapest market and sell in the dearest."

Gladstone once said, doubtless recalling his own experience and change of views, "The road to free trade is like the way to virtue, the first step the most painful, the last the most profitable."

The names of these men will never be blotted out of British history. Still they changed their views when they saw it was for the general welfare of the empire. Mr. McCarthy has good precedents to follow, and while he is not fully in accord with the Liberal party they are both condemning the protective policy. May the day hasten when no government will dare to bolster up one portion of the community at the expense of the other.

Our present condition is well described by Daniel Webster. In October, 1820, speaking on the tariff question, he said :

"To individuals this policy is as injurious as it is to the government, a system of artificial government protection leaves the people too much reliance upon the government. If left to their own choice of pursuits, they depend on their own skill and their own industry, but if government incessantly affects their occupations by its systems of bounties and preferences, it is natural that when in distress they should call on the government for relief. Hence, a perpetual contest follows, carried on between the different interests of society. Agriculturists taxed to-day to sustain manufacturers, commerce taxed to-morrow to sustain agriculture, and then impositions, perhaps, on both manufacture and agriculture to support commerce.

"And when government has exhausted its invention in these modes of legislation it finds the result less favorable than the original and natural state and course of things. I can hardly conceive of anything worse than a policy which should place the great interests of this country in hostility to one another, a policy which should keep them in constant conflict and bring them every year to fight their battles in the committee rooms at Washington."

Although these wise words were uttered over seventy-two years ago, by one of America's greatest statesmen, how applicable they are to us to-day, with our present policy. Not only have we agriculturists taxed to sustain manufacturers, but we have one class of manufacturers taxed to sustain another; lumbermen taxed to sustain agriculturists and manufacturers; lumbermen and agriculturists taxed to sustain miners; miners taxed to sustain agriculturists and manufacturers, and all taxed to sustain fishermen; fishermen taxed to sustain agriculturists. This is surely a queer state of affairs. Queer though it be, still it is true under our fiscal policy.

Now let us investigate the matter and see if the facts will not bear out what I have said. The agriculturist is taxed 35 per cent. to sustain the manufacturer of reapers, mowers, binders, harrows, ploughs, drills, sulky rakes, carriages and wagons; five cents each and 25 per cent. on his two and three tine forks; four to six tine forks, \$2 per dozen and 20 per cent.; hay knives, \$2 per dozen and 20 per cent.; scythes, \$2.40 per dozen; spades and shovels, \$1 per dozen and 20 per cent.; to sustain the cotton manufacturer, 28 per cent.; woolen manufacturer, 30 per cent.; sugar manufacturer, eight-tenths of a cent per lb., and so on for all he has to buy. This is not for revenue, but to protect and sustain the manufacturer.

2. Manufacturers taxed to sustain manufacturers. For example, take the carriage and wagon-maker. He has to pay \$13 a ton for his iron. On axles, springs and parts of carriages, which are the products of other factories, one cent per lb. and 30 per cent.; nails, one and one-half cents per lb.; sixty cents per ton on his coal, and many other articles might be mentioned which go to make up the cost of the article he produces. And so it is with every manufacturer who has to purchase the product of any other manufacturer that enters into his finished article.

3. Lumbermen taxed to sustain agriculturists and manufacturers.—Lumbermen are often so situated that it pays

them to buy their pork and flour from the American rather than from the Canadian producer, on account of the cost of transportation, and the result is they are compelled to pay three cents per pound on their pork and seventy-five cents per barrel on their flour. And if it be true that the duty put on the foreign product raises the price of the home product (which was the intention of the government in putting the duty on) then lumbermen have to pay that increased price to sustain and pacify the farmer. Then the lumberman has to pay 35 per cent. on his machinery and tools, such as saws, axes, chains, etc., to sustain the manufacturer. The Nova Scotia coal miners have a protection of sixty cents per ton on their coal, so they may be enabled to charge their own people so much more for their product and force it further west, but after all very little Nova Scotia coal comes west of Montreal. The manufacturer, and, in fact, every one who uses coal, or buys an article in the manufacture of which coal is used, has to bear this burden. As a result of this, Ontario alone paid in duties last year on American coal and coke \$943,979, because the freight from Nova Scotia to Ontario would cost more than the freight and duties combined from the Pennsylvania mines. Then the miner is taxed to sustain agriculture and manufacture. He is taxed for his corn, corn-meal, clothing, boots and shoes, and everything he requires to support him while working the mine. So with the fisherman; his food, clothing, boots and shoes, all are taxed to pacify the farmer and manufacturer of the west. Then to pacify the fishermen for the burdens they have to bear, the government makes a grant from the treasury of \$156,000 as a bonus to the fishermen to make up for the extra cost of provisions caused by duties put upon their food, and \$6,000 of the amount is spent to pay extra clerks to distribute the amount.

And so we might go on enumerating one absurdity after another and, as Webster said, "When the government has exhausted its inventions in those modes of legislation, it finds the results less favorable than the original and natural state and course of things." Then when any attack is made

upon any of the protected interests, is it not too true that the lobbies of the House are thronged with deputations pressing on the government not to allow their interests to be disturbed. And so on, one industry after another besieging the government until so much of their time is taken up in scheming to enable one part of the community to eat up the other that they are unable to give due time and care to their legislative duties as a government who have assumed the responsibility of legislating, not for classes, but for the masses. Were it not for this system of protection, how much more independent the government and members of parliament would be? With a free and independent parliament we might expect laws to be made to remove every obstacle in the way of allowing men to make use of the energy and ability God has given them, not only to better their own condition, but of assisting in elevating and bettering the condition of man the world over. But instead of that, what have we got? The same parliament that passes laws which put a man behind the bars for stealing one dollar, passes laws which enable one set of men to take millions out of the pockets of others, and they in turn contribute freely of their means to support in power the men who license them to plunder their fellow-men.

The real position of affairs was truly described when Mr. Blake wrote the following :

“The Canadian Conservative policy has failed to accomplish the predictions of its promoters.

“Its real tendency has been, as foretold twelve years ago, towards disintegration and annexation, instead of consolidation and the maintenance of that British connection of which they claim to be the special guardians.

“It has left us with a small population, a scanty immigration, and a Northwest empty still; with enormous additions to our public debt and yearly charge, an extravagant system of expenditure, and an unjust and oppressive tariff; with restricted markets for our needs, whether to buy or to sell, and all the host of evils (greatly intensified by our special conditions) thence arising; with trade diverted from its natural

into forced and, therefore, less profitable channels, and with unfriendly relations and frowning tariff walls, ever more estranging us from the mighty English-speaking nation to the south, our neighbors and relations, with whom we ought to be, as it was promised that we should be, living in generous amity and intercourse.

“Worse, far worse! It has left us with lower standards of public virtue and a death-like apathy in public opinion; with racial, religious and provincial animosities rather inflamed than soothed; with a subservient parliament, an autocratic executive, debauched constituencies and corrupted and corrupting classes; with lessened self-reliance and increased dependence on the public chest and on legislative aids, and possessed withal of a boastful jingo spirit far enough removed from true manliness, loudly proclaiming unreal conditions and exaggerated sentiments, while actual facts and genuine opinions are suppressed.”

But it will be contended that Mr. Blake said much more in his Durham letter. True, he was not able to indorse the policy his old associates adopted, not that he was opposed to a liberal reciprocal free trade with the United States, but the difficulty he saw was, that it was not a permanent settlement of the matter, and would be subject to repeal at any time.

At the last election many supported unrestricted reciprocity with the United States, who were not satisfied, but who believed that the benefits of free trade with our neighbors would be so great that it would ultimately educate the people of this country to see the benefit of free trade with the world. Then it must be borne in mind that a great change has come over the people, both in the United States and Canada, since he wrote his Durham letter. Then, protection had reached its height in the United States, but now protection is dead with the people of that country, and they have pronounced in unmistakable terms in favor of freer trade. Then, free trade with the world was not spoken of by any of our public men. To-day we have the leader of the Liberal party on record for tariff reform with free trade as the ultimate goal. The only question is, how soon does he intend to reach the goal? We

have D'Alton McCarthy condemning protection and proclaiming for freer trade. He is prepared to lower the tariff all round and give favorable terms to Britain and her colonies and liberal trade reciprocity with the United States, and, better still, if I judge the temper of the people right, many of them are prepared to break away from old party allegiance if they can only get a feasible scheme of free trade. So the difficulties that Mr. Blake saw in the way have largely been removed.

That he was discouraged is not to be wondered at, after the faithful and honest warning he gave the people of this country as to where we would land ourselves if we continued in our mad career. Reading his able and earnest speeches in the light of to-day, we cannot but say they were prophetic. When we see men, who in the past have differed on our trade policy, moving in the direction of freer trade, our prospect brightens, and the principle no doubt will triumph if the Canadian people will only consider the question fairly, and not allow religious and racial prejudices to be brought in to mar our prospects. Why this should be so is hard to understand, but is it not too true that many men ride into parliament by firing peoples' religious and racial ~~privileges~~ <sup>prejudices</sup> rather than by discussing questions that properly belong to the position they seek to obtain? Such men are nothing but fire-brands and a curse to the best interests of Canada. Unfortunately, this class is to be found in all parties and in men of all nationalities and religions.

If we expect Canada to take an honorable place among the nations of the earth let us be Canadians first and last. What right have we to place a man in a position of trust on account of his nationality or his religious belief? Or why should we say that a man is not entitled to occupy the highest position in the land if he is a man of honor and integrity, and otherwise qualified to fill the position though he may not have sprung from the same race as we, nor hold to the same church? Surely it is high time to bury the old prejudices

that have done so much harm to the best interests of Canada in the past, and apply ourselves in getting rid of many of the unjust burdens we have to bear, and endeavor to simplify our political machinery. Many changes are required. The expensive and unjust Franchise Act should be struck off the statute book. The constituencies should be readjusted so that they would not favor one party more than another, but that a true expression of public opinion might be had. Subsidies to the provinces should be done away with, as they are one of the weakest points in our constitution, and not until it is amended, by doing away with them, can we expect to get along harmoniously. Surely our experience has taught us this. Scarcely had we started on our career as a Dominion when the cry went up for better terms. Is there any valid reason why each province should not depend on its own resources, and pay its own debts? Ontario is quite capable of running its government without the aid of the Dominion, and if the other provinces are not prepared to do the same Confederation is a farce.

The true principle of federation is that each province should manage own local affairs, and whatever expenditure it may see fit to make be paid by the people of the province, and only such expenditures as are for the general welfare of the Dominion as a whole shall come out of the Dominion treasury. If that principle were carried out, the individual provinces would be more careful how they expend their money. It might just as well be contended that a man with limited means in any community has a right to expect the general public in the city or county in which he resides to assist in paying his general expenses.

Why should the provinces receive aid from the Dominion treasury any more than the individual States comprising the American Union receive aid from the United States treasury? I believe the independence of these States is one of the great sources of harmony and strength existing between them and the general government. We never hear of the continual jangling—

State against State—as is unfortunately the case with us. About one-half of the money Ontario receives from the Dominion treasury is returned to the people to assist them in the payment of their schools and the administration of justice. It is but right that this should be so, when we have the money, but is there not a tremendous waste? First the merchant pays the duty to the government, then the Dominion government passes it over to the local government. The local government pays it to the treasurers of the counties and schools. Then the merchant comes back and collects not only the duties, but his profits on them, from the people, which means that for every dollar paid we get less than fifty cents back.

Then, assuming we have the courage to do away with the subsidies to the provinces, and raise, say, \$7,000,000 by direct taxation, what would be our financial condition? In the first place, is there any reason why the expenditure of 1881-2 should not be sufficient to meet the legitimate demands of Canada at present under proper management? If we add \$2,012,068.35 for interest on the increased indebtedness since that date, and \$737,135.89, the amount required to pay the sinking fund in 1893 over 1881-2, making \$2,749,204.24, in addition to the expenditure of 1881-2, which was \$27,067,103.58 (and that is \$2,611,722 more than the highest expenditure in any year of the Mackenzie regime), makes a total of \$29,816,307.82. Then deduct the amount paid the provinces as subsidies, \$3,935,913.56, that would leave the net amount required to be raised, \$25,880,394.26. Now as to the revenue in 1892. We raised by excise \$7,945,097.95. If we add to this the \$2,533,142.52 raised by customs duties on spirits and tobaccos last year, and miscellaneous revenue \$8,475,714.29, we make, from those sources, \$18,953,954.96 leaving \$6,926,439.50 to be made up by direct taxation.

There is no doubt that in 1883 the Government considered that they had reached the highest expenditure that would be necessary for years to come. In support of this, hear what Sir Charles Tupper said, in his place in the House :



“Everybody remembers the warning, the solemn warning, that my honorable friend the leader of the Opposition (Mr. Blake) gave to the House, that in that ruin we were going to destroy the very foundation of our country's prosperity. He admitted with us that the greatest thing for Canada was to bring people into the country, but he said, you will load this country down with a debt so gigantic in proportion to its population that everybody will avoid Canada as they would a pestilence, and our immigration would cease. I am, sir, glad to be able, under these circumstances, to draw the attention of the House for a single moment to a calculation made by my honorable friend, the minister of finance—and we all know how far below the mark all his calculations have been, how careful he has been not to over-estimate anything—as to the condition which this country will be in, with respect to its debt, when the time comes under the contract for the completion of the Pacific Railway.”

Then he shows that they had paid all charges under that year's very rapid construction of the C. P. R., and that they had reduced the debt that year by \$1,734,129. Then he gave the following statement to show what would be the state of our finances in 1891; or how they proposed to reduce the public debt:

Surplus consolidated revenue, 1879-80.....	\$ 4,132,743 00
Surplus consolidated revenue, 1880-1.....	6,316,052 00
Proceeds of lands, 1880-1.....	1,744,456 00
Estimated surplus this year (1883).....	6,000,000 00
Proceeds of land this year.....	1,750,000 00
Estimated surplus next year.....	3,000,000 00
Estimated proceeds from lands.....	2,250,000 00
Estimated saving of interest after Jan., 1885, 1 per cent. on \$30,000,000, \$300,000 per annum, or equal to a reduction of debt of.....	7,500,000 00
If we have a surplus of about \$1,000,000 a year, from June, 1884 to 1891, say seven years.....	7,000,000 00
Proceeds of land, seven years, at \$2,000,000.....	14,000,000 00
	<u>\$53,693,251 00</u>

“This is the amount that we expect to receive from surplus revenue and the sale of land from the commencement of this contract, down to the time the contract provides for the completion of the work. With that calculation before us

—and I think all will admit that it is a safe calculation—I think we may come to the conclusion, not only that our country will not be overwhelmed in debt, but that we shall be in the position that the Imperial Government are in to-day. Mr. Childers has brought forward his budget, and in it he has very much astonished honorable gentlemen opposite by a proposal to reduce the national debt by £8,000,000 a year. It was reduced by £8,000,000, and the chancellor of the exchequer proposes to reduce it this year by £8,000,000. So my honorable friend proposes to reduce our debt; so we propose to use these surpluses, not for the construction of a Canada Pacific Railway, mark you, but for the reduction of the public debt, that when this work is constructed from end to end, there will not only be no increased indebtedness upon Canada, but at early day the sale of the lands alone will recoup back to the treasury of the country every dollar that has been expended."

We have now passed 1891, and have before us the public accounts down to the 30th of June, 1892, which tell a very different story from what Sir Charles predicted in 1883. The net public debt in that year was \$153,661,650.78, and he said by 1891 the Government would have saved out of surplus \$53,693,251, not to build a Canada Pacific Railway, but for the reduction of the public debt.

If that promise had been carried out, the debt of Canada to-day (or in June, 1891) would be \$99,968,399.78. Instead of this, the public accounts disclose the fact that the net public debt on the 30th of June, 1891, was \$237,809,030.51, an increase of \$84,147,374.73, and still the debt in June, 1892, had grown to \$241,131,434.

Now, it is quite evident, on looking at his calculation, that he based the expenditure on the years 1881-2, which was \$27,067,103.58, so that even the government considered that amount ample to carry on the business of the country. Further, that was the year that Sir Charles boasted of having reduced the debt by \$1,734,129. Had the government kept the expenditure down to what it was in 1881-2, with the

revenue that has been raised since 1884, instead of \$7,000,000 surplus, we would have had over \$79,956,000 in surplus to reduce the debt.

But it would never do for a protectionist government to husband the revenue for the purpose of reducing the debt. In place of that they have gone on increasing the revenue by adding to the burden of the people, squandering the revenue, bribing constituencies, building and bonusing railways, docks, canals, post offices, etc., thereby filling the pockets of contractors, as shown by the investigations of 1891.

To further show that this amount should be sufficient, we have three sources of revenue—customs duties, excise and miscellaneous revenue. The latter is made up from revenue from post office, railways, canals, interest on money and other miscellaneous sources, and the expenditure is divided off under five different heads :

1. Charges on debt or interest, and charges of managing same, \$9,947,916.40.

2. Sinking fund, \$2,027,860.79. That would be \$11,975,777.19, which cannot be reduced unless we reduce our debt.

3. Collection of revenue, \$9,426,067.20. There is no reason why that amount should be required under proper management, for the same services were performed in 1882 for \$6,016,069.58, and that is half a million dollars more than the highest year during the Mackenzie government.

Our population has only increased about 500,000, then can it be possible that it would require \$3,409,977 more for the collection of revenue now than it did in 1882? The working expenses of the government railways cost \$626,198 over the earnings. There is no reason why this amount could not be saved, and, instead of a deficit, a small revenue should be received, and especially so when a large part of the repairs are charged up to capital account. The present minister of railways claims he will wipe cut this deficit. The post office

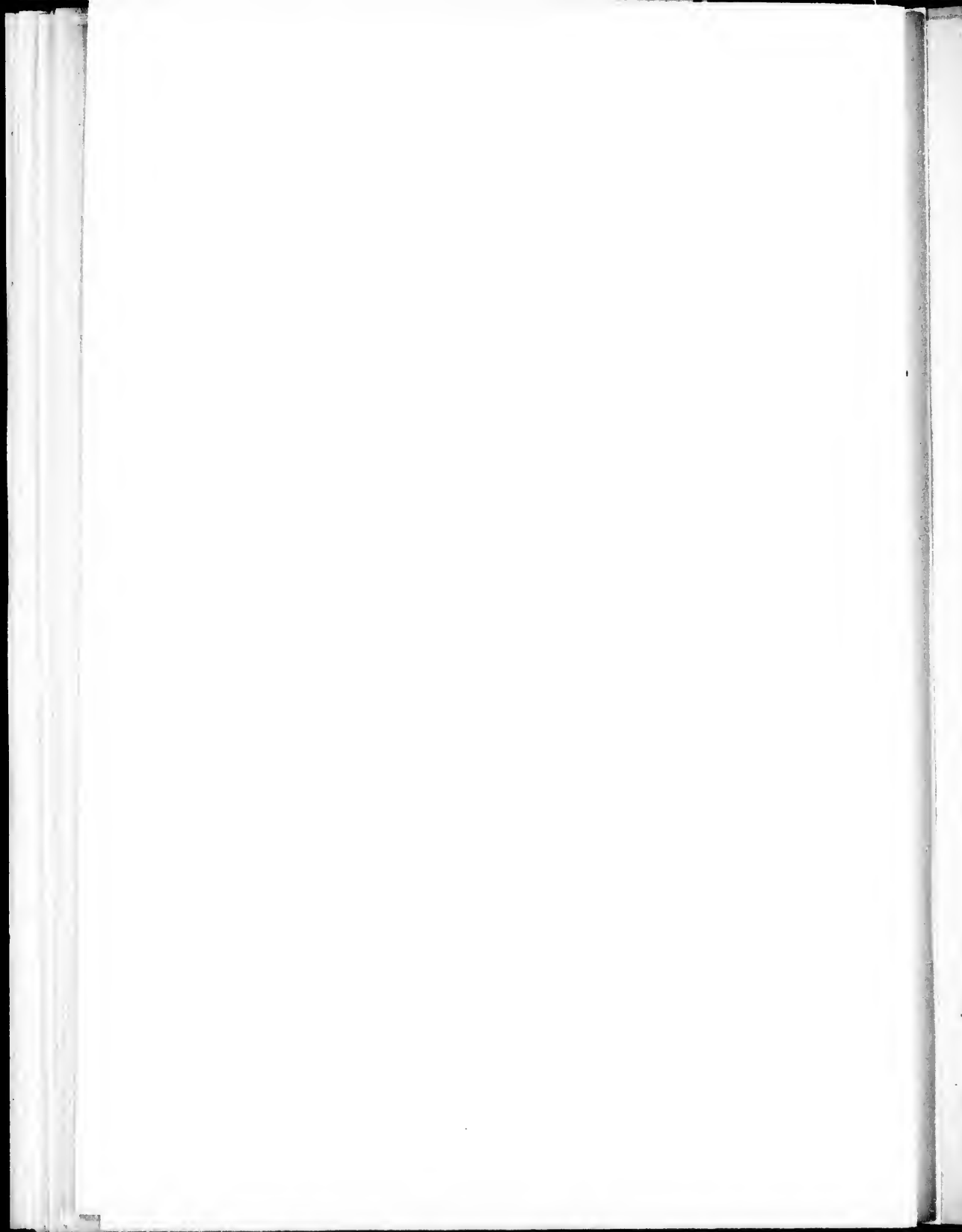
expenditure is \$663,374 over receipts. No doubt, under economical management, this amount could be greatly reduced. Then, under free trade, a very large reduction should be made in the collection of revenue. The excise and custom department should be managed by one department in place of as now, having a minister of trade and commerce and two comptrollers. There should be \$600,000 or \$700,000 saved, and many other charges which go to swell the cost of collecting the revenue might be saved.

4. Under the head of "Other expenditures," which is \$11,428,136, or \$3,134,674 more than it was in 1882. Over \$2,500,000 of this increase is made up by extra expenditures in 1892 over 1882, under the following heads: Public Works and Buildings, Civil Government, Legislation, Militia, Mounted Police, N. W. T., Superannuation Fund, Bonus to Fishermen and Franchise Act. Is it not high time the government should call a halt in expenditures? Whether the past expenses were justifiable or not, the money is spent and we have to deal with affairs as they now stand, but we should profit by our twenty-five years' experience in nation building, and avoid the rocks and shoals we have run upon. It is well known that confederation was a compromise in the first place, and to avoid difficulties we have ever since been compromising and trimming, instead of facing them fairly and squarely. Whatever changes and amendments are required to enable us to lay the foundation of a prosperous country should now be made. Trade relations with our neighbors has been a burning question for years, and because they put up a high tariff wall against us, we, in turn, child-like, put up another tariff wall, so we have a double wall between us when there should be no obstructions to trade at all. Still, many who will readily admit that free trade would be the best thing that could happen to Canada, object to it so long as the United States place tax upon our products going into their country. When asked why we trade with the Americans, we reply, "Because we are best suited with the article they produce, or we get it

for less money." If we can save money by trading with the Americans, we do not let our loyalty to Britain, or even to Canada, stand in the way. If it could be shown that the Americans pay the duties on the articles that we import from them, there might be something in the contention that we should not admit their goods free, unless they admit ours free into their country, but I venture to say there is not a half a million of dollars, in duties collected on American goods coming into Canada, that comes out of the pockets of Americans. Then, if the duties are paid by ourselves, what reason can we have to keep the duties on such articles as we have to pay the duties, other than for the protection of our own manufacturers, and a great portion of the dutiable goods we import are the finished or partly finished article of the American manufacturer, which enters into the production of the finished article of our own manufacturer, thereby advancing the price of the home product, making it dearer for our own people and harder for our manufacturers to compete with the foreign market. No doubt it would be still better if the Americans could be advised to take the duties off our products entering into their country, but we have been trying for the last five years to negotiate a reciprocity treaty, and so far have failed. No matter how much we may desire to have free trade between the two countries, it takes two to make a bargain, and if the Americans will not consent to free trade it is our duty to do the next best thing and buy in the best market, if we are not permitted to sell in the best market, without having tribute levied on our products.

It would be well for us to adopt Earl Grey's advice, and, instead of begging for closer trade relations with the United States adopt free trade, thereby making our own a cheap country to live in, and having foreign goods as well as home products to sell, at a price far below that of the United States. While it is our duty to live on the very best of terms with our neighbors, and do nothing that would give cause for hard feelings between us, yet we should not be expected to keep





officers to see that people who bought from our merchants paid duties on the goods so bought to the American Government.

We have tried to force the Americans to lower their tariff against us by increasing the tariff against them, and we have failed. If we were to adopt free trade, what would be our position with our long line of frontier, having both imported and home products to sell at a much cheaper rate than the Americans'?

No doubt goods are now smuggled between the two countries, and it is impossible to prevent it when there is such a long stretch of frontier to guard, particularly so when the boundary line is only an imaginary one, as is between us.

It would no doubt take a whole army of officers to prevent smuggling of British and other foreign goods into the United States if we adopted free trade, and even if we did the Americans would have no right to complain of us, for we would only be doing what we considered in our interest. But if we adopted the principle suggested by Mr. McCarthy, and allowed British goods to come in ~~free~~, or at a lower rate of duty than we did from other countries, it would be very apt to cause trouble between the Americans and us. The position of the two countries is such that if one adopted free trade the other would be compelled to do the same.

Another cry is, that if we adopt free trade the United States would flood our markets with cheap goods and ruin our manufacturers. Now if you give any of these people an opportunity to get an article for seventy-five cents for which they would have to pay a Canadian \$1, do you think for a moment they would buy from the Canadian and pay the extra twenty-five cents? Not one of them would do it. Although his Canadian friend bought everything he required from him, still the buyer would go where he could get it cheapest. It is quite evident that this is the case when we consider that we purchased from the United States last year



goods to the value of \$53,137,572, and they only bought from us \$31,317,857, while Great Britain bought from us \$54,949,055; and we only bought from Great Britain \$41,348,434, showing, while Britain is our best customer and allows our products to enter free of duty, we still buy more from the United States, notwithstanding the high tariff wall and the cry of loyalty to Britain, people will trade where they can do best for their money. Then let us wipe out all artificial obstacles and let trade flow in its natural channels.

But it is contended that if we adopt free trade it will ruin our manufacturers and deprive the three hundred and sixty-seven thousand four hundred and ninety-six employees (as shown by the census return) engaged in manufacturing. It is all very well to say that so many are receiving employment as the result of protection but I would ask what benefit do the people receive who are engaged in the following callings:

Blacksmiths .....	12,052
Sawmill men.....	52,458
Tailors and clothiers.....	22,281
Carpenters.....	9,726
Bakers.....	4,591
Cheesemakers.....	2,123
Sash, door and planing mills.....	5,535
Brick and tile makers.....	6,653
	<hr/>
	115,419

Then there should be added to the above number 52,170, being the number of people engaged in manufacturing industries whose calling is not given in the census return at all. No doubt this number is made up from people engaged in callings which the census commissioners had not the courage to specify, so that would be 167,589 engaged in what the census calls manufacturing that should be deducted from 367,496, leaving less than 200,000 that are supposed to be benefitted by protection. Then census show that there are 386 fish-canning industries, employing 13,692 people, and 4,575 fish curing establishments, employing 15,343 persons. It is very questionable if these industries are receiving any

benefit from protection. Then there is reported 5,047 boot and shoe manufacturing establishments, giving employment to 17,296 persons. Of this number Quebec has 1,905 establishments, employing 11,252 people, leaving the balance of the Dominion 3,142 establishments employing 6,044, hardly two persons to each establishment, showing quite clearly that a large portion of these so-called boot and shoe manufacturing establishments are nothing more than shoe stores, and every little shoe and cobbler shop in the country, and there can be no doubt that protection is rather a damage to this class than a benefit.

But if we were to go all over the census returns I am satisfied we would not find 100,000 employes who are benefitted by protection. For example, to show how far the government has gone to swell up the number engaged in manufacturing, take New Brunswick. The census shows that there are 279 woolen cloth manufacturing establishments, employing 383 people ; no doubt this includes every hand-loom in the province. I don't think it can be claimed that many so engaged are benefitted by protection. In the same province, the census gives the following list of manufacturing establishments and the number of hands employed :

	No. of Establishments.	No. Employed.
Book-binding.....	1	1
Carving and gilding.....	1	1
Gunsmiths.....	4	5
Agricultural Implements.....	2	2
Washing and wringer factories.....	1	1
Type foundry.....	1	2
Spring bed manufactory....	1	1
Salt works.....	1	2
Baking powder.....	1	3
Glove factory.....	1	3
Paper mill.....	1	2
Gold and silver smith.....	3	3

Then to still swell the number, there is thrown in, under the head of "Other Industries," 1,200 establishments, employing 2,996, so that we cannot place much reliance on

the census returns as to the true condition of affairs. But to hear the champions of protection talk, one would suppose that all the people who are engaged in manufacturing are deriving their employment through the operation of the National Policy. It has been pointed out time and again that manufactories existed and thrived before protection was thought of. Is it not too true, that many agricultural manufacturing establishments that were thriving before 1878 have since gone to the wall, and instead we have a few large establishments combined, who have a monopoly of the trade, to the disadvantage of the general public. Are we not paying too dearly for our manufacturing industries, when we consider how we are sacrificing our agriculture, lumbering, mining, and fishing industries? Those are the really great industries of Canada, and when they are prospering the whole country will prosper. It is a libel on Canadian pluck and energy to say that Canadians are not capable of competing in any calling in life with any people in the world if they are left alone and allowed free scope. With free trade, such manufacturing establishments as our country is adapted for, will prosper and become stronger, and those who cannot live without being tariff-fed should go to the wall, for they are drawing the life blood out the country.

While we are contented to sit by with our hands folded and see the weak trampled down that the few may live in the lap of ease and luxury ; while we are contented to see the honor of our country trailed in the dust of the streets by designing men who, to keep themselves in power, have used means that would have been despised by the fathers of Confederation ; while we are content to support men in place and power who will stoop so low as to pit race against race, and creed against creed, for their own selfish ends ; while we are content to support unholy combinations, such as the present Government, who, to satisfy their own passion for power, are willing to appease the ultra-Protestants by taking into the Cabinet such men as Clarke Wallace, not for his

special qualifications for the position, but because he holds the highest place amongst Orangemen, and thereby is expected to bring Protestant support to the machine ; while this state of affairs exists, how can we expect to build up a national spirit in Canada ? How can we expect Canada to take an honorable place among the nations of the earth ? How can we expect other nations to respect us when we have no respect for ourselves ? Would to God that Canada fully realized the great privileges that an all-wise Providence has bestowed upon her, and that she would rouse up from her death-like apathy in public affairs, and proclaim to the world, not by proclaiming her loyalty from the housetops, but by her actions, that she is worthy of her noble heritage, and that Canada is a land of plenty, a land of the free, a land in which no special legislation will be granted to any class, a land whose laws give equal rights to all, a land in which the child of humblest birth has full and free scope to rise to the highest position in any calling, a land whose people are brave enough to throw down all trade barriers, and are willing and able to compete with the world, a land in which people of all nations are made to feel that they are treated on equal terms, a land in which all mankind can worship God according to the dictates of conscience, no one hindering.

