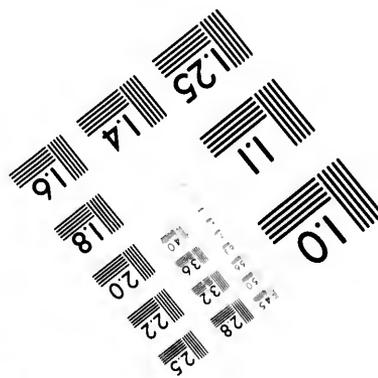
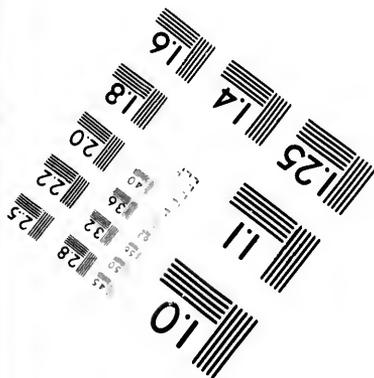
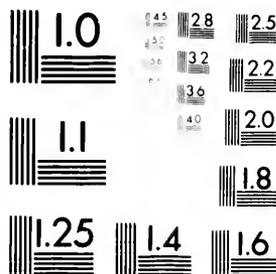


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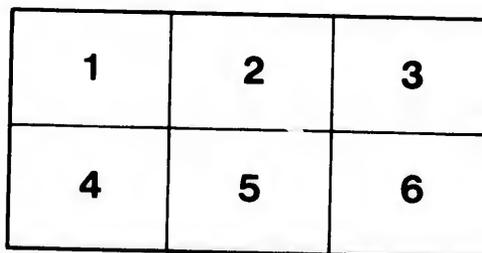
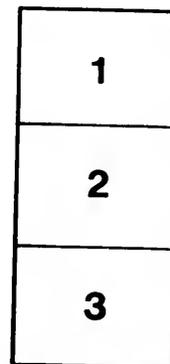
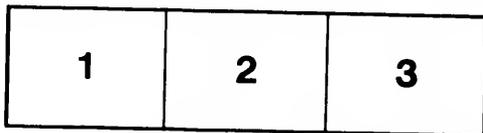
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EXTRACTS  
FROM THE  
*BUDGET SPEECH*  
OF  
HON. A. W. McLELAN,  
FINANCE MINISTER,  
30<sup>TH</sup> MARCH, 1886:

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I WAS very deeply impressed with the explanation which the hon. member for Bothwell (Mr. Mills) gave a year or two ago, of the causes of failures from 1874 to 1878. He put the whole case in a nutshell. He said that, "the merchants failed for want of customers;" and I suppose there were no customers because there was no employment for the people, and no money among the people to enable them to purchase the merchants' goods. Therefore the merchant stood idle at his counter, waiting in vain for customers that did not come—that could not come—because they had no money and no employment; and therefore ruin and bankruptcy fell upon the merchant, and the official assignee walked the land like a pestilence at noon-day. Sir, I start from one point—idleness of the people, want of employment, no factories in operation, and consequently no customers for the merchant—and there follow a bankrupt merchant and an empty treasury. I start from the other point—employment for the people; money for the people, money taken by the people to the merchant, the merchant busy, and a full treasury. You start from one point, and you reach the one conclusion absolutely; you start from the other point and you reach the other conclusion just as certainly. When you have employment for the people, you have not only a busy merchant and a full treasury, but you have above all a contented and happy people. Daniel Webster, the great American statesman, speaking upon this point, after he had been converted to protective views, said:

"The interests of every labouring community require diversity of occupation, pursuits and objects of industry. The more that diversity is multiplied or extended, the better. To diversify employment is to enhance wages. And, Sir, take this great truth, place it on the title page of every book of political economy intended for use, put it on every farmer's almanac; let it be the heading of every column in every mechanic's magazine. Proclaim it everywhere, and make it a proverb, that where there is work for the hands of men there will be work for their teeth. Where there is employment there will be bread. It is a great blessing to the poor to have cheap food; but greater than that, prior to that, and of still higher value, is the blessing of being able to buy food by honest and respectable employment. Employment feeds, clothes and instructs; employment gives strength, sobriety and morals. Constant employment and well paid labor produce, in a country like ours, general prosperity, content and cheerfulness. Thus happy have we seen the country, thus happy may we long continue to see it."

\* \* \* \* \*

Mr. Speaker, I have detained the house at greater length than I intended, or should have done, and I must apologize for it. But an hon. gentleman opposite has said that we have driven more than 40,000 people out of the country; and I suppose we shall hear the same thing from the hon. gentleman who is about to address the House on the opposite side. It is true, Sir, we have not had in the past that great increase of numbers that they have had in the United States. In the United States, long previous to the taking of the last census, **they had a policy of protection to home industry.** They had a policy of giving their people employment and high wages, a policy which drew immigrants to the United States from all parts of the world. They had also opened for settlement large tracts of prairie country, and the two policies combined helped to increase the population of the United States at a greater rate than the increase in the Dominion. But, Sir, if we take the American census of 1880 and the Canadian census of 1881, and if we select a number of the older States, which offer a fair ground for comparison with the Dominion of Canada, we will find we have held our own very well. Of course if you go into the newer States, with attractions of new territory and prairie soil, you will find a much larger percentage of increase; but, what I want is to make a comparison with the older states. Connecticut, which had 537,000 inhabitants in 1871, had 622,683 in 1881. Connecticut, Maine, Massachusetts, New Hampshire, Vermont, Dakota—I put in Dakota as a set-off to Manitoba—comparing those states with Prince Edward Island,

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Nova Scotia, New Brunswick, Ontario, Quebec, Manitoba and British Columbia, I find that the American States increased 16.06 and the Dominion of Canada increased 17.03 per cent in population according to the last census ; so that when we make a proper comparison between the Dominion and the older and more settled portions of the United States we find we have more than held our own. Now, the complaint has been made that the National Policy has not done its duty, because times have not been so brisk as they were in 1882-83. But, as I said before, if we compare the position of trade in Canada with the position of other countries—in the United States, and Great Britain, for instance—we will find that our position is better than theirs, **and we can gather from this, that but for the National Policy ruin and bankruptcy would have been upon us.** It is in times when there is great depression in surrounding countries, when there are over-production and slaughter in prices of goods in those countries, that we find the protective policy desirable and advantageous, and it has proved itself here highly beneficial in protecting us from the onslaughts which would have been made upon us by foreign manufacturers. I proposed to deal with this question more fully, but I have occupied so large a share of the public time that I cannot go into it as fully as I would wish. I want, however, to give one instance to show how the National Policy is affecting the wage-earner in this country at present. All that is required for the production of cheap goods in this country, is that there shall be a market for those goods, and the larger the market the cheaper they will be. Our people are as active and as intelligent as any others, and when they are forced abroad, as they have been, they make as good artisans, with a little experience and training, as are to be found in the world. All that they require to be fit to manufacture everything required in this country, and to manufacture as cheaply as is manufactured in the United States or elsewhere, is that they shall have some training, and this they will obtain by our furnishing them with a market for their goods. Now, the manufacturer or capitalist seeks a fair return for his investment; he looks into the chances existing for placing the products of his investment; and the smaller the output he has, the larger percentage he must put upon that output in order to meet the interest upon his capital and the depreciation of his plant. There is a very familiar illustration of this. You take a blast furnace which requires \$30,000 to meet the interest upon the capital invested in it and the depreciation of the plant. If the output of that furnace be 15,000 tons of pig iron, of course there must be \$2 a ton put on the iron, in order to pay the interest and the depreciation of the plant. If you increase the output to 20,000 tons, then it only requires \$1.50 per ton to pay these charges; if you increase it to

30,000 tons, you only want \$1 a ton upon it, to pay a dividend and you can sell the pig iron \$1 a ton cheaper. If you run the output up to 60,000 tons, all you want is 50 cents a ton and you have \$30,000 raised and the pig iron is \$1.50 cheaper than it would be with only 15,000 tons of output. The same principle holds good in all the manufactures in which we are engaged. The percentage which must be put upon every yard of cloth which comes from the loom depends upon the output, in order to meet the interest upon the capital and the depreciation of the plant. You must have one of two things. **You must either have a large market and a large output or you must have a low rate of wages, and that means a low scale of living and a small expenditure for the benefit of the farmer.** Moreover, you cannot for any considerable length of time, keep men employed at a low rate of wages, while across the border, in the United States, there are larger wages paid and attractions offered to draw them to that country. The intention of the National Policy is that we shall give a large market to our own manufacturers. We have not so large a market, of course, as they have in the United States, but we can give a proportionate market, one-tenth or one-twelfth in proportion to the population of the other side. David Wells, the American apostle of free trade, has been often quoted in this House, and he says:

"Wages are labor's share of product, and in every healthy business are ultimately paid out of product. No employer of labor can continue for any great length of time to pay high wages unless his product is large. If it is not and he attempts, it is only a question of time when his affairs will be wound up by the sheriff. On the other hand if a high rate of wages is permanently paid in any industry and in any country it is in itself proof positive that the product of labor is large, that the laborer is entitled to a generous share of it, and that the employer can afford to give it him."

**That is what we have been striving to do in this country, and it is what we are accomplishing, when we are giving a larger market to our own manufacturers, and we have the result that a larger, a more generous wage is being paid to the employees than previous to the introduction of this policy.**

A vote for the National Policy means to demand that the products of foreign pauper labor shall be kept out of Canada; a vote against the National Policy means that these products shall come into unrestricted competition with Canadian labor.

Published by the Industrial League, for gratuitous distribution.—FREDERIC NICHOLS, Secretary, Toronto, Canada.

