

The Economic Basis of Reciprocity in International Trade.

(CONTINUED)

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This reference to the dangers of foreign "dumping" was not intended to be used as an argument for the *introduction* of protection. The commercial paternalism of the state had in those days, as since in many protectionist nations, fostered a number of industries which were ill-suited to the natural conditions of the country. And Adam Smith though he firmly advocated the abolition of trade restrictions, did not wish that the capital and labour of these trades should be calamitously dealt with. He therefore suggests the humane and economic method of lowering the duties

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With regard to capital, the difficulty is perhaps greater. Man may be taught in the course of a few years several trades, but a machine is incapable of technical instruction and if it passes out of its own trade experience Micawber-like it may go on forever seeking employment. Bagehot in his postulates has a very suggestive treatment of the functions and transferability of capital. He divides it into (1) co-operative capital, "the things which help labour," i. e. tools, machinery and technical knowledge, and (2) renumorative capital, "things which pay for labour and for the running of the plant such as money---wages, food, coal and clothes."

We see at once that it is easier to transfer the latter than the former, for as a rule much the same commodities reward labour in different trades and if one trade declines and another arises, the only effect is to change the labourer who gets the commodities; or if the change be from one which employs little skilled labour to one which employs much, then the costly commodities which skilled labour wants will be in demand, more of them will be made, and there will be an increase of animation in all the ancillary trades which help their making. The result will be an increased demand for labour in the stimulated trades, and for renumorative capital to carry them on. Not so with co-operative capital, the existing machinery of the declining trades will be run on until it wears out, and the new machines will be constructed for other trades.

This is a condition of things which when it exists may well claim the attention of humanity, and since it has existed in the past (cf. the mercantile period in England immediately preceding free trade), it should be a warning to legislators in introducing protective measures. Each industry must be judged on its own merits and not in pursuance of any system of politics; decision in the matter should follow a deliberate and sincere investigation into the present and future conditions of the trade; and lastly protection should be given only to adapted industries and occupations, which promise permanent growth, and a healthy and independent life, otherwise when the aids are removed

the country may have heaped upon it all the evils due to the necessary transfer of labour and capital.

To the mind of the writer the Canadian peach industry is a case in point. In the first place it should be understood that there are but a few places such as the peninsula of southern Ontario and the southern part of British Columbia, where peaches can be grown with any success. Considering the unchangeable conditions of climate and the limitation of the peach area, it seems that we are but beguiling ourselves when we speak of *developing* our peach industry. One may develop say the iron industry by altering the methods and extent of production, though even here there is a limit set by natural resources, but one can never hope to alter climatic conditions and extend the area of peach culture in Canada.

The demand for peaches is great, and is gradually increasing for they are a delectable and healthy fruit. The present home source cannot nor ever will supply the demand. As a result of the brisk demand and inadequate supply the peach industry, under protection enjoyed a monopoly; peach growing was a profitable occupation, and the high profits drew quite a lot of capital into the trade. The result was the inflated value of all peach soils and the high price of peaches to the consumer, not only of the Canadian grown but of every peach imported into the country, in or out of season. With free trade in peaches, this land will necessarily fall in value and those who purchased at inflated prices must suffer the loss. The monopoly prices too will drop to normal competitive rates and as a consequence the poorer areas which have been pressed into service by the promise of high profits will be assigned to other crops, and one may expect a slight readjustment of labour.

The loss to a few monopolistic peach growers, will be compensated, from the national point of view by a vastly greater gain to the whole class of consumers who can enjoy cheap peaches the whole year through.

With respect to fruit in general and apples in particular we refer our readers to the tariff memorial submitted to the Canadian Parliament last autumn by

Jas. E. Johnston (Manager of the Norfolk Co. Fruit-Growers Association), who presumably knows more intimately the conditions of fruit culture and marketing than the Boards of Trade in Montreal and Toronto who represent specifically the merchant and manufacturing interests of those cities. He said that in 1910 the Association exported to the United States 6,000 barrels of apples in spite of a 75 per cent. duty, and gave grounds for the assertion that had there been free trade in apples, the Association could have sold the crop for 50 cents a barrel better than they did. J. G. Mitchell, Manager of the Georgian Bay Fruit-Growers Association, wrote to the Toronto Globe that in view of Reciprocity in fruit, greater interest was being taken in the apple industry than for many years. Hundreds of acres were being planted in trees. Egerton Morden the Veteran Nurseryman and Fruit-Grower who was Fruit Commissioner for Canada at the Pan American Exposition, at a general meeting of the Fruit-Growers of Niagara District spoke strongly in favor of free trade in fruit. There is little cause to fear, according to him, American competition, since the home supply does not equal the demand. He challenged anyone present "to name a single American farmer who had ever stood at Niagara Falls free market with a load of produce against the immense loads of Stanford produce that had paid duty to enter the United States. Thos. R. Stokes the Secretary of the meeting said Reciprocity was like a 50 per cent. rise in wages. The opinion of the 500 representatives present was "overwhelmingly in favor of Reciprocity." We may safely form our judgment on the expressed opinion of those men and have no fear of the blue ruin predicted in blatant headlines by the press of the Canadian Manufacturers Association.

In the former part of this article it was claimed that protection was of little or no benefit to the farming classes in general. How can this be so, some one may ask when it is now admitted that protection has actually increased the profits of the peach growers?

The explanation lies in the conditions which govern the market price of the products of the two classes of soil cultivators. The farmers of Canada produce

more than the country consumes, and for this surplus produce a foreign market must be found. In 1909 we exported 54 million dollars worth of grain and imported 5 millions worth of which about 4 millions was Indian Corn, which is not suited to our climate. We exported fifty-four times as much flour as we imported. The animal exports for the year, including dairy products, meats and live stock, amounts to 57 millions.

The exports of our farm produce have to compete in the world-market, with the exports of like commodities from other countries, and the prices fixed are the measure of the home price. The English miller pays for his wheat in Mark Lane, the Canadian price plus the transportation charges. *Consideratis considerandis* the price in Canada and England is the same. It could not be permanently higher here, for in that event, our wheat merchants would not export for a low price, when there was a keen domestic demand, but would sell at home until prices would fall to the English level as a result of the glutting of the market. At the same time complementary forces would tend to raise the price abroad, the shortening of the Canadian supply would tighten the demand, and pull up the price on the world market.

It is obvious then that there must always be an equality, between the world-market price of anything and the price of the same in any *exporting* country, consideration of course being made of the tariff and transportation charges.

Where a country has to import to supplement its home production, and where the government taxes the imports with a duty, the case is quite different. Let us take wheat again as an example:---In 1903, Germany which does not grow enough wheat for home consumption, was paying 35 mks. 50 pff. (nearly \$9) per quarter. At the same time a quarter of wheat could be bought in England or Canada for 27 1-2 shillings (about \$7). The German import duty was 3m. 50 pff. for 100 kilos., which works out to nearly \$2 per quarter, the amount of difference in price. The German farmer was actually protected by the tariff because he could *not* supply the home demand.

In a similar manner are the peach growers protected in Canada.

The root evil of protection is that it affects the price not only of the imported article but of the home product as well. If protection merely reserved the home market for our producers without raising the prices of commodities above their natural cost, it would be much more defensible, but as it is, it mulcts the consumers of immense sums of money which could be spent by the people in purchasing a greater amount of the same articles, or a greater variety of things. The increased and multifarious demand for commodities would act as a fillip to general production.

We shall make use of an example from Professor Gide:---France grows about 300,000,000 bushels of wheat and imports 40,000,000 bushels. Price statistics show that when wheat sells abroad at \$1 a bushel, the French consumers on account of the 50 per cent. duty, has to pay \$1.50. The rise of 50 per cent. on every bushel of 340 millions amounts to \$170,000,000, of which only \$20,000,000 go into the treasury, i. e. 50 cents per bushel on the 40,000,000 bushels of imported wheat. "Thus the consumer will be compelled to bear a total burden of \$170,000,000 because of the protection duty on wheat, which increases the Government revenue by merely \$20,000,000."

If one had access to the merchandise accounts of some of our manufacturers, so that the proportion between imported and home made goods might be ascertained, what amazing revelations might be made?

But to return from this digression into which an illustration has drawn us, it may be of interest to notice the developments which have taken place in the humanity consideration proposed by Adam Smith. The Tariff Reform League in England assuming that the manufacturers of the country are being gradually crippled by the protection-policies of the continental nations, in so far as their markets are closed by restrictive duties, while the free English market is used as a dumping ground in times of depression, propose a moderate tariff of 10 per cent. to safe-guard British capital and labour.

If as Adam Smith conceded a duty was defensible when "cheaper foreign goods, deprive all at once many thousands of people of their employment," then on the assumption of the tariff reformers that such is actually the condition of British industry, the government would seem justified in introducing some protection measurss. Not all Englishmen however are agreed to state the further alleged facts, and still fewer can see any remedial virtue in a tariff.

All concede that Britian does not hold such a relatively great predominance among the industrial nations of the world as she did a quarter of a century ago. To hope for such would be vain and unreasonable, for her area, population and natural resources fall far below those of her principal competitors. Absolutely speaking British manufactures and trade, far from retrograding, are advancing with steady progress, still we cannot expect the man to grow as fast as the infant. But this seems like expounding the obvious, and as the matter is not quite pertinent to the Canadian case, it is not necessary to go further into it (cf. Chiozza Money on the English Fiscal Question.)

The German protectionist writers have of late years taken another view-point of the social benefits of tariffs. It is pointed out that a free-market is more likely to be glutted than a protectionist one with the cheap products of sweated foreign labour. These goods of inferior quality because of their very cheapness, obtain a large sale to the injury of the consuming classes, and to the detriment of well paid labour. On these grounds tariff is proposed for social protection---Ein sozialer schutz-zoll; shoddy products and brummagem goods which are the occasion of mis-directed consumption are to be excluded, together with the products of sweated trades, which may come into competition with home labour and cut down "the living wage." The aim is to create a steady home market, with regular employment of labour and sober profits for capital, which condition of things will have a tendency to breed steady and industrious habits among the working classes.

Professor S. N. Patten, an eminent American economist develops Smith's thought much along the

same lines. (cf. Economic Basis of Protection.) He distinguishes what he called static societies from dynamic ones: the old nations of Europe conservative, slow and solid, belong to the former category, while the hustling and bustling American republic which makes even "culture hum," to quote the President of Chicago University, is an example of the latter. Protection is a method of state endeavor to raise a nation from the "static" to the "dynamic" and progressive conditions to a higher place of civilization. "The centre of the discussion about the tariff" he writes "is whether we shall have a static or a dynamic society." Since the United States with its rich new soils, its surpassing mineral wealth, its active and inventive people, and its variety of climate and occupations holds a unique and pre-eminent position among the nations of the world, it should be the aim of its legislators "to push the country along into a higher plane of civilization than it is possible for older civilizations to reach." This can only be done by keeping out the cheap European products and seeking by protection-aids to bring the nation through a series of changes and developments that would bring a "better harmony between its social conditions and economic environment." This is indeed a large claim of social amelioration which Patten has staked out for protection in the United States. And there are good reasons for thinking that it is yet an "undeveloped claim," for the American workman so far as one can learn is not yet supremely blessed (cf. Fr. A. Ryan a Living Wage.) Apart from the criticism that too narrow a view is taken of the elements which constitute a "higher stage of civilization" we are inclined to hold that it was the very profusion of natural wealth and the ingenuity of the people, rather than any tinkering with tariffs that furnished the dynamic forces of American industrial progress. And we dare to assert that the arguments used by Prof. Patten are more fitting in the mouth of an American protectionist addressing the labourers of America who receive a high *money-wage* than they would be if spoken in defence of protection before the hard worked and poorly paid mechanics and farm

labourers of Germany or France. (See W. H. Dawson, the condition of the workingman in Germany.)

One hears a great deal to-day about infant industries and national policies. It shall be the aim of the closing part of this article to put the case for infant industries as fairly as possible and where it can be done, to use the very words of the writers who advocate the policy of national trade-autonomy.

When Sir Leonard Tilly in 1887 introduced at Ottawa the fiscal measure which inaugurated the National Policy, he was by no means blazing new trails in the world of economics. Alexander Hamilton, the first Secretary of the Confederated States of America in his report to Congress in 1790, advocated a national policy "for the encouragement and promotion of such manufactures as would tend to render the United States of America independent of other nations." It is a masterly presentation of protection worthy of the great finance minister. This was an age of national jealousies characterized by embargo acts and blockades and Hamilton found it an easy task to float his policy on the surges of British hatred which followed the war of independence, and U. S. has gone on for the last century and a quarter assiduously fostering its *infant* industries.

The colony of Victoria had in 1864 adopted a national fiscal policy and Germany in the 70's under the leadership of its great chancellor set itself resolutely against the free-trade movement in favor of a customs system favoring the whole national production. "I regard it as my duty to adopt measures to preserve the German market to national production in so far as it is consistent with the general interest, and our customs legislation must accordingly revert to the tried principles upon which the prosperous career of the Zollverein rested for nearly half a century. (Bismarck speech in Reichstag.)

Frederick List who founded the German Commercial and Industrial Association in 1819 is generally regarded as the "founder of scientific protection." He begins by admitting the truth which popular protection is so unwilling to recognize that "protection always involves at first, a loss," and goes on to argue that the

future exchange values of things will recompense the nation for this first and immediate loss. "The question of productive powers of a country and their possible future development is far more important than their present values." His writings had little influence on English economic students. Mill writing in 1847 dismisses the subject in a few paragraphs. "The only case in which, on *mere principle* of political economy protecting duties can be defensible, is when they are imposed temporarily (especially in a young and rising nation) in hopes of naturalizing a foreign industry in itself perfectly suited to the circumstances of the country." Mill would not go so far as to advocate an all round protection policy---a so called national policy; he conceded however the possible advantage of naturalizing certain industries on condition that the duty be strictly limited in point of time and provision be made "that during the latter part of its existence it be on a gradually decreasing scale." In a personal letter to an Australian student of his work Mill states his view quite clearly. He says: "It is a great compliment to me that my supposed opinions should have had the influence you ascribe to them in Australia. . . But I can have no difficulty in saying that I never for a moment thought of recommending or countenancing in a new colony, more than elsewhere, a general protection policy, or a system of duties on imported commodities such as that which has passed the representative assembly of your colony (Victoria, 1864). What I had in view was this: If there is some particular branch of industry, not hitherto carried on in the country but which individuals or associations possessed of the necessary capital are ready and desirous to naturalize, and if those persons can satisfy the legislature, that after their work people are fully trained and the difficulties of first introduction surmounted, they shall probably be able to produce the article as cheap or cheaper than the price at which it can be imported, but that they cannot do so without the temporary aid, either of a subsidy from the government or a protective duty, then it may *sometimes* be a good calculation, for the future interests of the country to make a *temporary* sacrifice by granting a moderate

duty for a certain limited number of years, say ten, or at the very most twenty, during the latter part of which the duty should be on a gradually diminishing scale, and at the end of which it should expire." This is indeed a very restricted concession and most of those who quote Mill in support of national policies---which are all round systems of protection, have either never read their author or else have no pains to get at the meaning of the text. So much confusion has arisen over Mill's concession to infant industries that John Bright did not hesitate to say "this one paragraph would cause more injury to the world than all his writings would do good" (Carnegie Empire of Business). List, the scientific economist, recommended only the temporary use of tariff, he was a free-trader in heart and mind.

The influence of these two economists was great and far reaching, policies have been shaped after their opinions for the last half century. The policies have created great vested interests and to-day the interests shape the policies. Instead of following out the economic principles which brought them into existence and rewarding by a reduction of tariffs and prices, the sacrifice which the people have made for the national welfare, they clamor for increased protection under all sorts of contradictory pretexts. The nations of Europe claim that a high tariff barrier is indispensable to them, just because they are old; they need protection against the competition of new countries possessing the advantage of cheap virgin soil, great natural resources and low taxes (c. f. Professor Sering of Berlin). Young nations on the other hand desire protection precisely because they are young.

There is a splendid contradiction of principles in the philosophy of National Policy. And when there is any agreement at all the point is so general as to be rather a natural aspiration than a practical matter of politics. If we look for a thread to lead us through the labyrinth we seem to find it in the fear that a successful neighbor must necessarily be a dangerous rival.

The processes of international trade are regarded by protectionists as a sort of struggle for existence---a

struggle of the weak to withstand the strong where only the fittest survive. It is the duty of every nation, young or old, to develop within its boundaries all varieties of industry, in order to achieve a position of independent trade relations. A self sufficient nation is more able to withstand the peaceful penetration of foreign traders and to push at the same time its industrial forces into foreign lands.

A variety of industry it is said will supply work for the various classes of the people, check immigration, and find investments for the surplus capital of the country. The stimulus given to industrial agents, and the consequent growth of a large labouring class, creates a home market for the cultivators of the soil and eliminates the expenses of long transportation charges. The natural resources of the people will be developed by the people and for the people. The interchange of domestic utilities, whether services or commodities will restrict the advantages of trade to the citizens alone. Moreover a variety of industry it is claimed will create that splendid diversity of character and personal qualities which go to make a great and resourceful people. To achieve this ideal condition of autonomy imports are to be excluded by protective tariffs.

While the industries of a country are still young there can be no advantage in free trade, for a freedom of trade would be only a freedom to suffer industrial death. Protection of infant industries is therefore only a larger application of free trade. Since it makes it possible for young countries to trade at all, it is a handicap put on the stronger and older nations to create fair competition in the race for existence.

We are told by Canadian protectionists that under free trade conditions our manufacturers would be either ruined or absorbed by the American trusts. The industries of Canada in their thirty-three years of protection childhood do not seem to have developed their stride in any proportion to their faculty of speech; their cries in tariff wars may indeed rival Stentors in volume, but their tone is not that of a himerie herd. Like that elixir sought by the Alchemists protection seems to ensure perpetual youth, and so potent or

pleasant are its effects that those who have become once addicted are scarcely ever able to cast it off. David A. Wells writes, "there never has been an instance in the history of any country where the representatives of such (infant) industries who have enjoyed protection for a long series of years, have been willing to submit to a reduction of the tariff or have proposed it. But on the contrary their demands for still higher duties are insatiable and never intermitted."

It is generally thought by those who have not looked into the history of Canadian industry that the "National Policy" of Sir John found Canada a hewer of wood and a drawer of water to the United States of America, and that its present flourishing trade and industrial progress had its origin in the tariff thereby enacted. This is quite incorrect, Canada has always been more or less a manufacturing country. Even as far back as French rule there were iron works in existence and most of the clothing of the people was woven in colony mills. Nova Scotia and Quebec had a considerable ship-building industry at the beginning of the last century. In 1850 nine shipyards in Quebec alone employed 1,500 men, and there was a number of smaller establishments. In 1842 there were 14 paper mills, 96 breweries, 897 saw-mills, 261 tanneries and 147 distilleries in Canada. In 1856 we had 692 flour and oatmeal mills, 74 woolen mills, 97 foundries and 388 other industrial establishments.

A protectionist authority in the Canadian Encyclopedia states that from 1857-1864 were "the halcyon days of the Canadian woolen industry. . . The manufacturer had the precious advantage which his successor of this generation can but envy, of dealing with wholesale firms who expoused the cause of the home manufacturer, who rejoiced in his prosperity, and helped him to uphold prices only to the point of a good living wage."

The great Massey Harris Co. which manufacture more agricultural implements than any concern in the world began its operations back in 1847, but many ingenious implements were on the market before the days of National Policy. Under this Policy it has certainly absorbed many companies affiliated to it and is largely

concerned in the operations of others. It employs 2,500 hands, exports largely to Australia, Austria and United States against high tariffs and sells its goods cheaper abroad than at home. Its operations began and developed under free trade, its monopoly is a triumph of Canadian protection.

From the same author (C. Encyclopedia) and the Canadian year book we glean the following figures:

TARIFF POLICY

TOTAL TRADE

Incidental Protection, 1868-1873.....	992,443,289
Revenue Tariff, 1874-1879.....	1,093,764,044
Protection Tariff, 1880-1885.....	1,235,902,783
Protection Tariff, 1886-1891.....	1,234,587,974
Protection Tariff, 1892-1897.....	1,438,948,553
Reduced Tariff, 1898-1902.....	1,818,467,786
Reduced Tariff and Freer Trade with England, 1903-1908.....	3,076,696,982

These returns are taken over five year periods in order to avoid any charge of manipulation of figures.

They are not encouraging to the high protectionist. We do not claim that the rapid increase since '97 is to be attributed solely to tariff changes: the economic forces at work in a new country are manifold. Since they are fairly permanent in their effects, we feel justified in applying the "method of differences" to the three periods before, during and after protection, and concluding with Sir Richard Cartwright that the National Policy "diligently exploited the tariff and left the natural resources of the country pretty much where they were." (cf. Prof. Shortt of Toronto ---Preferential Trade.)

There are no doubt certain valid applications of protection of infant industries but on the whole it has been an excuse for a great deal of folly. There is an erroneous notion that one country can hurl goods at the head of another with dire intent to injure. But international trade is essentially the outcome of individual transactions.

If the trade returns of 1910 show that Canada exported a great deal of manufactured goods from the U. S. this does not mean that United States & Co. has been shooting her goods in here with the purpose of

winging such and such a Canadian industry, but it does mean that some Canadian traders have found it advantageous, for reasons of price or quality, to buy certain lines of goods from our American neighbors. The importer acts from a purely business motive yet he is told he is injuring his country. It is found necessary for the interests of the poor country to hire a squad of customs officials who render the imported goods innocuous forsooth by taxing the trader. The nation is taxed to pay the men who tax the trader, who in turn to recoup himself must tax the nation, which of course pays its taxes willingly knowing that is enriching itself thereby. It is an ingenious fiction by which everybody tries to get rich by taxing somebody else.

One of the most obvious objections that come to one's mind against national policies, is that they tend to destroy the solidarity of nations which it has been the aim of all statesmen worthy of the name to bring about. National jealousies and antipathies are fostered which must prove detrimental to the movement towards international peace.

Again it is the experience of nations who have tried all-round protective policies, that the tariff problem even in internal politics is a fruitful source of dissention. An equitable adjustment is well nigh impossible, for the manufactured product of one industry is oftener than not the raw material of another. Canada for example protects the tanning industry by a tariff of 25 per cent. which raises the price of leather. It is necessary to protect in turn the boot manufacturer by a 25 per cent. duty. So that a man be well and profitably employed it matters little to my mind whether he is making a Canadian boot from foreign leather or making Canadian leather from foreign hides.

There is a continuous readjustment with clashing of interests, lobby wire-pulling and graft and as a consequence no stability of industrial conditions. There is no solid basis for legitimate trade speculation, for no man knoweth when a favorite combine may not obtain a "necessary quota of protection" and thus throw the whole industrial organization into confusion.

The tariff history of Canada is like a series of dissolving view. Before we can get the clear outlines of any period the scene is changed ; the forces of vested interests turn the tariff machine at will and draw before our vision its film of changing schedules. The "interested sophistry of merchants and manufacturers," to use Adam Smith's words is influential in establishing restrictions which each particular section regards as beneficial to itself. In the scramble each manufacturer is compelled in duty to himself to fight for the biggest duty he can get. "Who shall say," writes Money, "what eccentric duties may pass into law, when once the petty game of tariffs is played out in legislature and a few hundred amiable gentlemen, some with axes to grind, and others with steel to make axes of, fight out in committee the details of duties whose incidence they do not understand and whose results they could not foretell had they the wisdom of Solon." The influences brought into play prove injurious to a democratic form of government in so far as they divert the minds of the people and the legislature from the main issue of good government to the unprofitable task of trying to please or appease those who demand assistance. One needs but to glance at the United States civil service to find confirmation of this criticism, if for reasons of false perspective the facts do not stand out plainly in Canadian politics.

Considering this species of protection as a purely business proposition, as a present investment in national stock in hope of future dividends, we should ask ourselves a few pertinent questions before entering into the contract. Are we reasonably certain that the future gain of the nation will pay back not only the losses suffered by consumers, but the interest as well ? Have we any just guarantee that the equitable rate of duty can be determined upon as well as the proper period for its duration ? And since the adjustment of duties is such a delicate and complex matter are we sure that the tariff committee is made up of men of good repute and sound judgment such as we would consult in our private business affairs ? I trow not.

To those who claim that the present reciprocity

agreement if it comes into force would checkmate our manufacturers, it might be stated that so far as they are concerned, the conditions remain practically unchanged. The only class of manufactures that have been at all affected is the agricultural, and it is still shielded from ruin by a 15 per cent. duty. Fifteen dollars on every hundred dollars worth of farm machinery purchased in Canada, is quite a snug contribution to the "national welfare," which is in the *concrete* a multimillionaire manufacturer. The notable reductions proposed in the schedule in regard to manufacturers have not been made by Canada but by the United States. So that our industries would stand in a relatively better condition after reciprocity than at present. For example, the duty on clocks and watches has been lowered 12 1-2 per cent. by U. S. and only 2 1-2 by Canada; that on plate glass 45 per cent. by U. S. and 2 1-2 by Canada; on musical instruments 32 1-2 per cent. by U. S. and 7 1-2 by Canada; surgical dressings 27 1-2 per cent. by U. S. and 2 1-2 by Canada; potato diggers, grain crushers, hay tedders, etc., lowered 23 per cent. by U. S. and 5 per cent. by Canada. We fail to find one class of manufactured commodities where Canada has not the preponderating advantage. The large reductions by the United States ought to open up a larger market for the industries we have been developing for the last thirty years or so.

If our industries are not now able to cast about for themselves and withstand a fair share of competition it must be conceded that protection has proved a failure in producing a feeble type of business man. Conceded that it has increased the wealth of the manufacturers, yet if it has failed to develop in the captains of industry that alertness and self-reliance which asks a fair field and no favor, and if it has failed to produce a rank and file of the right sort of stuff, ready and able to bear the hardships of the struggle for which we have been training it, then protection has failed to make good, and one loses faith in educative tariffs.

There is an attempt being made to discredit reciprocity on the ground that it spells annexation. This

is simple confusion of thought. Amicable trade relations have to do with exchange of commodities, annexation is a question of politics in the true sense of the term, and since the Canadian system of politics is representative and democratic Canadians have the matter of annexation in their own control. So far as we can judge of popular sentiment there is at present little indication of any movement towards closer political union.

If under a system of freer trade relations we would obtain some lines of American goods at more reasonable prices than we pay to-day for the highly protected home products, must we necessarily become weak-kneed citizens? Are we to fear an American pump will compel us to dance to the tune of "Yankee Doodle"? International trade as carried on to-day is essentially a business relation as distinguished from a political act, the parties never seen or care to know and meet one another, the individual transactions are carried out by agents and the balance of indebtedness is settled by international clearing houses. Really I can see no grounds for fearing that the national aspirations and patriotism of the Canadian people can be undermined by a measure which aims at a more equitable distribution of national wealth, which regards general property as a firmer basis for patriotism than a huckstering spirit of sectional interests, and which lessens that indulgent paternalism of the state which makes our industrial leaders look to it for economic guidance and assistance instead of cultivating a spirit of self-reliance.

W. E. Cameron.



"We must be unanimous; there must be no pulling different ways," said John Hancock.---"Yes," said Franklin, "we must all hang together, or most assuredly we shall all hang separately."