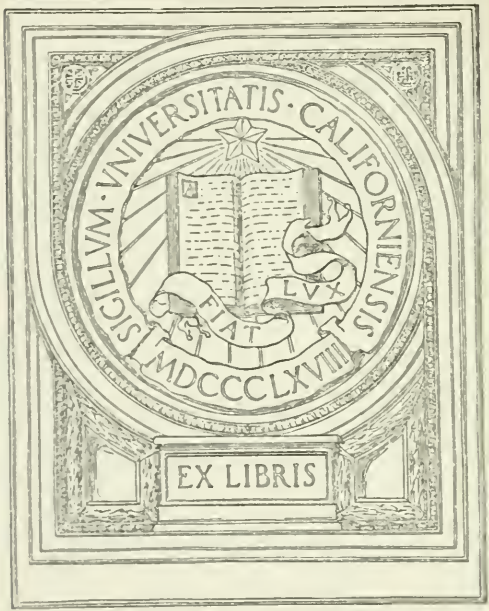
CANADA TO-DAY

J·A·HOBSON



CANADA TO-DAY

BOOKS ON CANADA

CANADA. By Sir JOHN G. BOURINOT. With Map and many Illustrations. Large crown 8vo, cloth, 5s.
(*Story of the Nations.*)

THROUGH CANADA IN HARVEST TIME. A Study of Life and Labour in the Golden West. By JAMES LUMSDEN. Fully Illustrated, and with Map. Large crown 8vo, cloth gilt, 6s.

THE CANADIAN CONTINGENT AND CANADIAN IMPERIALISM. By W. SANDFORD EVANS. Profusely Illustrated from Photographs, and with several Maps. Crown 8vo, cloth, 6s.

CANADIAN CAMP LIFE. By FRANCES E. HERRING. Illustrated. Crown 8vo, cloth, 6s.

AMONG THE PEOPLE OF BRITISH COLUMBIA: Red, White, Yellow, and Brown. By FRANCES E. HERRING. Fully Illustrated. Crown 8vo, cloth, 6s. net.

IN THE PATHLESS WEST. By FRANCES E. HERRING. With Fourteen Illustrations. Crown 8vo, cloth, 6s. net.

LONDON: T. FISHER UNWIN.

CANADA TO-DAY

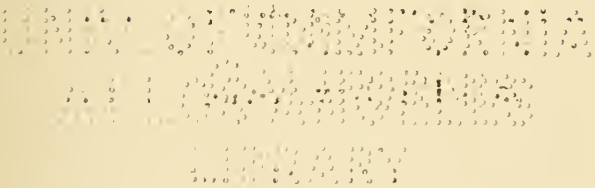
BY

J. A. HOBSON, M.A.

AUTHOR OF

"THE EVOLUTION OF MODERN CAPITALISM"

"IMPERIALISM" ETC.



LONDON

T. FISHER UNWIN

ADELPHI TERRACE

1906

PREFACE

It is usual for visitors who commit to print their impressions of a new country, the information they have gathered, and the judgments they have formed, to offer apologies for publication, in the hope of averting, in some measure, the hostility naturally felt by those invited to read a book of travel written by one who cannot claim a thorough knowledge of the land of which he writes. Such apology is, however, both futile and unwarranted. It is futile because the dwellers in the foreign country, seldom content with the appraisal of a stranger, are not deterred by such formal apology from detecting a "tone of superiority" in a visitor who presumes to found judgments or even

opinions upon such slender knowledge, and from pouring scorn upon the retailer of observations "from a car window." The contemptuous resentment with which foreigners regard these lucubrations of a stranger is not lessened, but increased, when the foreigners are not, or ought not to be, foreigners at all, but distant fellow-subjects of a widely divergent empire. Relations of feeling are never so delicate as between distant members of a family, and the relations of a self-governing group of colonies towards the Mother Country have always afforded conspicuous examples of this truth. This "touchiness" extends to all forms of public expression, especially through the Press; nor is it confined to the expressions of persons whose position gives weight to their words, and may even influence policy. It follows the humblest wielder of a pen. "I suppose you will write a book when you get home," is the constant half-satirical ejaculation that confronts the visitor who really "wants to know," and tries to put what he considers relevant

questions. If he is wise he disclaims any such intention, postponing his decision to write until he has got home, but not apologising for his writing when he has done it.

I have also claimed that apology is unwarranted, at anyrate in cases where the impressionism that belongs to such work is executed with honesty and care. The saying that "the onlooker sees most of the game" is applicable here when the onlooker can claim any sort of spectatorial skill. A visitor to a country which, like Canada, in spite of its size, is extremely compact, strung on to two railroad lines running east and west with a few offshoots, can really get a substantially complete bird's-eye view of the main features of its external development in a comparatively short time. So, too, of the broader aspects of the character of its people — their interests and aspirations (industrial, political, recreative), what they talk about, how they occupy their leisure, what they read — a visitor who keeps eyes and ears open, and both seizes and

makes opportunities, may learn much. Of course he will miss all the finer texture of the spirit and life of the people, will learn very little of their domestic life or the subtler psychology that underlies their social and religious institutions: he will make some false generalisations by imperfect induction, some absolute errors of observation or of record, upon which critics will rightly fasten for the harrying process which they profess. But the large points of similarity and difference, distinctive of the present place and prospects of such a country as Canada in the progress of the world, will stand out more plainly to an observant newcomer than to a native who sits too near and whose intelligence and feelings are too closely involved in the details of the life in which he lives.

Great changes are taking place in Canada. These changes are rooted in economic facts of the first importance, relating to the development of the soil for certain primary industries of food production and mining, and the great modern systems

of road-making. The interaction between the economics and the politics of a country rapidly subjected to such changes, their effect in stimulating the intellectual and moral energy of a people confronted with this great task of progress, the strong suction of labour and capital from outside, yielding its supply of new industrial and social energy, and the problems raised by this assimilation, belong less to the Canadian specialist than to the general student of comparative politics. The special relations subsisting between Canada and her great Republican neighbour form another group of issues where the judgment of the unimpassioned outsider has some advantage.

But I have no wish to over-appraise the cursive method of inquiry here adopted; I only claim that it is not to be set aside as mere impertinent interference, but should be recognised as one proper focus of study, to be supplemented by the fuller and more detailed information and reflection which long residence alone can give.

The larger part of this small volume

was contributed during the winter of 1905–1906 in the form of letters to the *Daily Chronicle*, to which journal I am indebted for permission to reproduce these lines. In republishing them I have made a number of corrections and additions.

Following the suggestion and skilled advice of my friend, Mr. Russell Rea, M.P., whose theoretical and practical grasp upon the politics of commerce is not surpassed by any politician of our time, I occupied myself, while in Canada and the United States, in making a special inquiry into the present condition of the tariff issue in these countries, with particular reference to the relations between Canada and Great Britain on the one hand, the United States upon the other. A portion of this study, chiefly statistical, and bearing closely upon the recent effect and the prospects of the Preferential policy adopted by the Laurier Government, I have included here, partly for amplification of certain matter set forth in more general terms in the descriptive chapters, partly in order to supply to those who still concern

themselves with hopes of Imperial federation upon a commercial basis certain important facts and tendencies that can only be conveyed by figures.

J. A. H.

CONTENTS

PART I

PART II

PART I

CHAPTER I

CANADA BOOMING

To visit Canada just now is a bracing experience for the torpid Briton. For Canada is conscious, vocably, uproariously conscious, that her day has come. Side-tracked in the march of development through the nineteenth century, a sparsely peopled, poverty-stricken colony, she has watched her neighbour across the border grow big and strong and opulent, arrogating to her great union all the power, the fame, the very title of America. Left up there in the cold, broken in three pieces by the huge waste of Western Ontario and the Rocky Mountains, her unmapped north-west owned by a trading company, winning a mean and a precarious subsistence by old-fashioned agriculture, forestry, and fishing, the Canadian Provinces, even after achieving the dignity of a Dominion, continued to feel themselves the Cinderella of the Western World. Now all this is changed: the poor relation has come

into her fortune, a single decade has swept away all her diffidence, and has replaced it by a spirit of boundless confidence and booming enterprise. . . .

The breeze of this exhilaration, blowing from the new north-west, penetrates the whole country to-day. It meets us as we enter, through the majestic portal of the St. Lawrence, the quaint old French city of Quebec, with its tortuous streets and its old-world gravity; the handsome modern commercial city of Montreal is all astir with the swelling tide of trade and finance; official Ottawa shows nothing of the sedate dignity of a Governmental capital, her clubs and offices are tense with the spirit of the "boom."

Everywhere the wondrous tale is taken up anew of the rush of settlers into Manitoba and the two new provinces, the railroad enterprise, the millions of acres of black wheat-soil, and the "bumper" crop of hard wheat garnered this fall; a hundred million bushels is the popularly adopted figure, though the more calculating put it down at eighty-five. Judges of the High Court and Cabinet Ministers here in Ottawa are concerned far less with politics and litigation than with the discovery of some large new wheat area south of Calgary, or of some engineering difficulty on the new Grand Trunk Railway: all the

younger officials and business men have come back from some hunting or fishing holiday, and bring tidings of fresh developments.

The greatest business enterprise in Canada, the Canadian Pacific Railway, is straining every nerve to meet the new demands, putting forth new tentacles into the north; the Grand Trunk is pledged to spend some 20,000,000 dols. within the next five years, and a few years will probably see three virtually independent systems of transcontinental railway.

Every able-bodied man can find a job; there is no reserve army of unemployed. "We have no poor," the Minister of Labour assured me, a statement probably correct if poverty means failure to get a living according to the customary standard of subsistence. In the great city of Montreal the secretary of the C.O.S. told me that, though there was no poor-law or other public provision, no one was in want of food and home except a small wreckage of helpless immigrants and some stranded ne'er-do-weels. Certainly, though there were plenty of "mean streets" in the French quarter, I could see no signs of a slum population, and beggars and loafers were not in evidence. It is fair, then, to assume that all Canada is on a wave of rising prosperity. While the centre of

this boom is the well-nigh unlimited supply of land in Manitoba, Alberta, and Saskatchewan alleged to be capable of growing "No. 1 hard wheat," every other Canadian industry feels a sympathetic stimulus—mines in British Columbia and Nova Scotia, the great lumber "limits" in Ontario, the manufactures in Toronto and Ottawa, and the mixed farming in the older provinces.

Last, not least, the financial boom—the floating of companies for developing newly tapped areas of agriculture and for speculation in the city lands in Winnipeg, Edmonton, Brandon, and a score of "cities with a future." Not only business men, but politicians, the clergy, the Press, and every other vocable instrument, is preaching, praising, and prophesying. Now Canada (no longer the United States) is "God's own country, sir!" Now the twentieth century "belongs" to her. Now her population and her prosperity will swell until she becomes the corner-stone of the temple of the British Empire.

I am not concerned just here to discuss the substance of these high hopes so much as to mark the faith and confidence that inspire them and help towards their fulfilment. For no one can have followed intelligently the career of the American Republic without recognising that her

greatest source of power has been not her rich and varied natural resources, her great aptitude for mechanical invention, not even the tough adaptive fibre of her inhabitants, but the broadcast, bounding, and even reckless confidence in her power of achievement, or her "destiny." Now the really remarkable event in Canada is the recent quickening of this self-same faith, not a blind faith in a Providence outside ourselves that is going to do "big things" for us while we sit still, but a compelling impetus to take things in hand ourselves, and force them to take shape according to our will.

It is this spirit one feels everywhere throbbing in Canada: its main outlet at present is frankly "materialistic," making for the development of natural resources in field, forest, fishing, mine, among a people of tough, sturdy individualists, with the powerful physique of a farm-bred folk and the personal independence of a race of men owning the land they till.

Almost all the successful manufacturers, bankers, politicians, State officials I have met were born in some little back country village in Quebec, Ontario, or Nova Scotia; all keep in touch with the land; and though some tenancy is creeping in, 87 per cent. of the farmers in Canada own their own farms, less encumbered by debt or

mortgage than any other agricultural people in the world.

This faith in Canada is visibly unifying the diverse sections, races, and religions, and is taking shape in a "nationalism" which, at present mainly economic, is certain to have important political bearings when Canada has leisure to think out her political career. The old French colonists of Quebec, the Scotch and English of the Maritime Provinces and of Ontario, and the rich new blends of American, British, and mid-European races forming in the north-west and along the Pacific, are now being subjected to the fusing heat of a stronger, wider feeling of nationality, which is breaking the barriers that once seemed well-nigh impassable between the French of the ancient régime, the United Empire Loyalist, the hustling Scotch trader, and German, Sclavonic, and Scandinavian settlers in the west.

It is simply the spirit of America, breaking out after a long period of incubation, across the northern frontier of the States. The history of the "coming of the west," the wonderful transformation of the Mississippi Valley into a rich and populous civilisation within two generations, is ripe for repetition farther north. It is, in fact, the natural drive of American civilisation, following the line of least

resistance. Its inevitability is apparent as we follow the New England pioneers of the early nineteenth century pushing into the fertile virgin lands of Ohio, their sons, cramped in the new abode, moving ever farther west, first into Illinois, the next generation into Minnesota and the Dakotas. Now all the best of these lands is fully taken up, and the trek force, not yet spent, is diverted across the border. This movement of agricultural population in the States is attended, of course, by a similar pressure in Ontario and the more eastern provinces of Canada. Though huge areas of cultivable land still cry out for settlers in Ontario, thousands of her young and vigorous sons are continually moving west. It is not easy for the stolid citizens of ancient European States, where the sentiments of old feudalism with its hereditary attachment to a single patch of earth still survive even in these days of rapid travel and of migratory trade, to realise the lightness of the hold which his farm has on the ordinary settler in a new country. There is no village where his family has lived for perhaps twenty generations, and where scores of people are his kinsmen by blood; no churchyard holding the bones of his forefathers and representing history in its intimate significance; no countryside with

its gathering of tradition that stretches back into the dim ages; no "Deadman's Lane" or "Lovers' Walk"; no ancient Manor House with its worshipful memories of "the great"—nothing to fasten locality upon the heart and the imagination. The farmer in Dakota or Ontario, borne westward from some German or Norwegian village, has entered a bare land, marked out his rectangular claim under the Homestead Law, cleared and fenced his land, and by dint of hard, plodding toil got it under cultivation or laid it out in pasture, with a rude log cabin for home, and some barns. No doubt he has impressed his personality upon the soil, he has "made" a farm, has tamed for human use and livelihood a piece of "savage" mother earth, and it might seem as if love must follow labour. But this does not seem to be the case. The American or Canadian farmer has little local sentiment; he is not farming "for his health," but as a business, to feed his family, pay off his mortgage, send his children to college, retire as old age comes on to the nearest town that can give comfort and society to his declining life. There is little to feed any love of locality: one section of a great wheat or cattle belt is hardly distinguishable from another; his farm is just like his neighbour's, worked on the

same plan, growing the same crops, and subject to the same climatic and other conditions. Such a farm has no individual character, and the life in it is generally bare and bleak. This explains the loose attachment which leads the young to move away from the paternal acres without a qualm; the notion that they should live in a place because they were born and bred there never enters their mind. It is much the same with the old folk; if they hear of better land to be got cheap, why should they stay? The world is an open road, they are "economic men," led "as by an invisible hand" in search of land that will yield a profit to their labour.

The spirit of America thus expressed in the constant pressure towards new and better land of course brings many other common factors of American life to the fore. The Americanisation of Canada is sometimes spoken of as if it were an intrusion or invasion of alien institutions. No such thing. The simple fact is that Canada is American; her climate, soil, flora and fauna, her people and their ways of life are so nearly related that political divergence is of comparatively small significance in any broad estimate of the present and probable future of the Canadian nation. The concrete illustration of this general

truth I will set forth later. At the outset I wish to emphasise the important fact that the new Canadian boom is simply another large local outburst of the energy which has made the United States what it is to-day.

CHAPTER II

CANADA'S BOOM CITY

WINNIPEG is commonly described as the Chicago of Canada. The history of the great American agricultural capital is always before the mind of the Winnipeger, who has seen his city grow in a quarter of a century from a quiet little country town of 6000 inhabitants into a city of nearly 100,000, with every prospect of doubling its numbers within the next ten years. Its position as a railroad centre, through which must pass all traffic between east and west, has made it the commercial, manufacturing, and financial capital not only of Manitoba, but of the whole north-west.

The development of the new wheat territories is registered in the tearing growth of this big "boom" city, for almost all the grain that passes out of the north-west to feed the world, and almost all the flood of immigration that pours into the new settlements, pass through Winnipeg.

Already in its brief career it has tasted the ups and downs of fortune. After the Canadian Pacific came through in 1881 it enjoyed a brief spell of prosperity, in which its population doubled and land speculation of the most frenzied sort occurred, to be soon followed by the collapse of 1883, which sent all these premature hopes and activities toppling to ruin. The time was not yet due; Manitoba had been over-boomed, and the genuine resources of the newly acquired provinces had not been explored.

Signs of this earlier rise and fall are not wanting to-day. The great hotel in which I sit was run up during the boom of the eighties by an enterprising citizen, who hung on to the vacant building until at last he was shaken off, and retired a broken man to a remote farm life in the prairies, where he died in poverty. Had he held on and lived he would be a rich man to-day. Such, however, are the common incidents of a boom city.

The entire structure of such a city changes every few years. The present handsome and commodious railroad station is the third in twenty years, while the big building going up in Main Street is the third post office. The "best hotel" last year is replaced by a "better" one this year, and the omnipotent C.P.R. is

erecting a palace of its own, which will absorb the wealthy travellers next year.

All the modern conveniences of street railways, electric light, etc., are furnished in abundance; the brand-new Manitoba Club, where the city magnates meet for lunch, leaves nothing to be desired in comfort and "elegance," while the store set up by Eaton of Toronto occupies a solid block, with a flat roof, on which storey after storey will be added as required. Though not so thickly "churched" as Montreal, which boasts a place of worship for every seven hundred persons, Winnipeg is dotted freely with fifty-thousand dollar churches, Anglican and Presbyterian taking the lead—for the Scotsman is to the fore here, as everywhere, in the making of Canada.

The State University is as yet in its infancy, composed of a union of colleges —Anglican, Roman Catholic, Presbyterian, Baptist, Wesleyan—which form a joint-board for studies, examinations, and the conferring of degrees. The principal of the Wesleyan College, Dr. Sparling, a man of great local distinction, told me this educational grouping of the Churches worked fairly harmoniously, though just now there is a little breeze on the question of compulsory Latin! The idea of compelling the youthful Manitoban who seeks

culture to acquire the Latin tongue seems strangely out of keeping with the general tone of Winnipeg, but the Roman Church here, as elsewhere in Canada, keeps a stiff upper lip in all educational affairs.

Winnipeg is probably as cosmopolitan as Chicago itself; the street signs are a veritable Babel, and as you get away from the main streets you stumble into a little Russia or a miniature Galicia. Icelanders are a sufficiently numerous body to have churches of their own. Many of the best scholars in the University are young immigrants, who show a far keener love of learning than the Colonists or British settlers, who mostly bring with them one consuming passion which swallows all their leisure time and energy, namely sport.

Though there is a good newspaper press, the *Manitoba Free Press* being one of the ablest papers in the American continent, it cannot be said that politics or literature in any serious shape engage the Winnipeger. "Things of the mind" are not for him; he is closely agrip with the "real" in the shape of grain elevators, railroad branches, or the new "power" association for developing a large local supply of electric energy.

Everywhere things are moving visibly, not decade by decade, but month by month.

Faith in their future has led them to plan out their city on a liberal scale. Main Street and Portage Avenue, the two great business thoroughfares, have no rivals for breadth in any American city save Washington; while Broadway, leading to the Parliament buildings, puts its New York namesake to shame. Every Winnipeger is afire with zeal and confidence, and points out, with that marvellous quantitative memory which all good Americans possess, the detailed cost of the various new buildings represented by the 10,000,000 dols. spent last year in city structures.

As one would expect, magnificence and meanness jostle one another everywhere: handsome brick mansions are flanked on either side by the wretched wooden "shacks" of the early settlers; from a spell of handsome concrete pavement one plunges suddenly into primitive cart-tracks; large gaping spaces of unkempt wilderness lie within a few minutes of the centre of the city, which is laid out with such prodigality of space that its present area of sparsely occupied land could easily contain a population of half a million, as much as to-day is contained within all three North-West Provinces.

Among other distinctions of Winnipeg is the fact that it is the centre of the

famous Hudson's Bay Company, which, once merely a fur-trading body with a vast territory, has now grown into a general dealer, whose retail stores are dotted over the entire north-west. It still keeps up the fur business, and is in addition beginning to reap large profits from its lands, the two sections in every township left to it when the Dominion Government purchased from it the territory which now forms Manitoba, Alberta, and Saskatchewan. A great Hudson's Bay general store occupies a prominent site in Main Street. But the finest buildings are banks, insurance offices, and land company premises; for land speculation, of course, lies thick in the air, now not so much in city sites, because prices have already been forced up so high, and central sites are so tightly held that there is little market. Bitter complaints are heard of the holding back of unoccupied land for a rise of values and the creation of an artificial scarcity. I was told of a site in Main Street which had recently changed hands at 2000 dols. per foot of frontage. The chief gamble, however, is in suburban lands, with a prospective value, and in the formation and manipulation of companies for acquiring and developing blocks of agricultural land in Alberta and Saskatchewan. Primarily Winnipeg is likely to

remain the great collecting and transmitting centre for agricultural produce, a great station and distributor of grain and cattle.

Already the Canadian Pacific has no fewer than 114 miles of track within the city limits, and is said already (with what degree of truth I know not) to handle more wheat than the great Chicago itself. Train after train pours in down the numerous tracks which already pierce the grain country, passes through Winnipeg to be inspected and certified for grain contents by an army of inspectors, and is dispatched —some to Minneapolis, carrying grain for the American millers; some east, for Canadian consumption; most of it to Fort Arthur, for temporary storage in the vast elevators (one holding several million bushels) until it can be shipped on Lake Superior for its long journey to Great Britain.

Thus regarded Winnipeg comes pretty close home to our common English life: a larger and larger proportion of our daily bread passes through her portals, and if the ordinary Winnipeger of to-day appears a little swelled-headed at the glowing prospects before him, we at any rate can afford to pardon him in virtue of services hereafter to be rendered.

CHAPTER III

A CANADIAN IMPERIALIST

I HAVE just returned from imbibing a deep draught of the purest milk of Canadian Imperialism and Protectionism from the lips of the Premier of Manitoba. His facts and arguments were given forth with so much candour and such fervour of conviction that I cannot better acquaint readers with this aspect of Colonial sentiment than by reproducing the substance of his talk, filling it out with illustrations drawn from other sources.

The Hon. R. P. Roblin, the statesman in question, sat in his office in the Parliament buildings chewing his unlit cigar and interrupting his conversation from time to time to talk "company" business through the 'phone, intervals which enabled me the better to digest his politics. He began, as is usual here, by informing me of the magnitude of his country, how that it stretched a thousand miles towards the Rockies, with a width of some three to four

hundred miles of rich grain and grazing land which, he had calculated, could, as soon as 200,000 farmers were settled in the three provinces, raise all the food the British nation would require.

A recent visit to England, where he had received great personal attention, and had consorted much with a Scottish lord, had impressed him with the fact that British public men were not alive to the dangers of the near future, if the relations between Canada and the Mother Country were left to drift along as now.

What has served well enough in the past will not serve in the future. Either the connection with the Mother Country must be made closer, or the time may soon come, he pathetically hinted, when the old attachment will yield to new aspirations for independence. For what are the facts? Until quite recently the population of Canada consisted of old settlers who were loyal, either from inherited tradition, or because, like most of the French, they recognised the utility of the connection. Inside of ten years this may be changed. By that time there will be several hundred thousand Americans, bringing over with them not only republican sentiments, but the feelings of strong antipathy to Great Britain which Mr. Roblin asserted were generally prevalent in the Western United

States ; the bulk of the other population would be foreigners, to whom the relation with Great Britain was absolutely valueless and unmeaning.

There was no danger of such a people desiring annexation with the United States, but it was extremely likely that they would ask, " What is the use to Canada of the British connection, and why shouldn't we be an independent nation like our neighbours across the border ? " These provinces will at no distant time have a predominant voice in the Dominion government, and their will must mould Canadian destinies.

How to avert this lamentable catastrophe, how to keep Canada firm within the Empire, was the issue Mr. Roblin sought to expound. Did he desire some Imperial Parliament, or Council of Colonies, or other constitutional forms ? No ! Neither he nor any other public man with whom I have conversed is really favourable to any strengthening of the political bonds with Great Britain.

All that was necessary was for Great Britain to show that the Colonies were something more to her than foreign countries—and this she could do by trade Preference—a very simple thing, if she really valued the Colonies ; just a little tariff on foreign goods, letting in Colonial

competing produce free. It wasn't so much a question of the amount of the Preference, but the "Imperial sentiment" which would be yielded by this formal recognition of Imperial unity. A shilling or two a quarter, any little sum would do: the English consumer would not feel it, for he would not pay it, as the registration duty during the Boer War had proved—and here I listened dumb while Mr. Roblin briefly disposed of the delicate question of the incidence of taxation.

I then gently probed him on the one-sided Preference which Canada gives now. In England this has always been represented as a free gift of loyal gratitude. But Mr. Roblin (and many Liberals and Conservatives here agree with him) thought this Preference was a mistake; the arrangement should from the first have been a mutual one, and I gathered from him, as formerly from the French ex-Minister, Mr. Tarte, another Protectionist Imperialist, it would not last unless it were reciprocated.

Indeed I find a widespread conviction that the Preference will be withdrawn unless England gives what is deemed a *quid pro quo*, the withdrawal being probably concealed by a general rise of tariff on goods when the Preference is efficacious. Mr. Roblin admitted that there was already much grumbling among the Canadian

trades producing goods which came into the country with Preferential rates, that the woollen industry in Canada was already killed, that only last week a varnish mill had been closed by the Preference, and so on.

I asked him how it would help these ill-used Canadian manufacturers if Great Britain were to rise to her Imperial duties and put a tax on foreign foods, admitting Canadian free. He evaded the question, saying that "these things must be made matters of arrangement between the business interests concerned. Let the Government establish the general principle, but leave the industries affected to work out the details of the scheme—business men work out these things better than statesmen."

I smiled as I reflected how the business men of the United States "worked out" these matters of tariff before the Committees at Washington.

Remarking that the refusal of the British people to give Colonial Preference was not, as Mr. Roblin seemed to think, a proof of indifference to the Colonies, but a reluctance to depart from our long-tried fiscal policy, I brought upon my head an unexpected shower of Protective "fact" and "reasoning." The "fact" consisted largely in pointing out, what he seemed to hold

beyond dispute, that while English trade was stagnant and her labouring classes poverty-stricken and ill-fed, Germany and France were advancing rapidly in industry and wealth—all built up by their tariffs! Then he bade me look at the United States, whose tariff enabled them to appropriate to themselves the fruits of their rich natural resources and energetic population, absorbing their own products or dumping their surplus upon countries which, like England, were so foolish as to receive it.

But Canada herself was his great example. Like almost every Canadian business man with whom I have conversed, he was positive that Protection can suck in capital from outside. "Look," he said, "at what the International Harvester Company did. When they found themselves confronted with a tariff of twenty per cent. on their machines entering Canada, what they did was to put up several million dollars' worth of plant in Hamilton, Ontario, where they now employ from 1200 to 1500 Canadian workers, and support a large village full of folk."

So firm was his faith that I had not the heart to ask him why Canada should choose to subsidise an American company out of the pocket of the Canadian farmer, who must pay higher for his home-made harvester than if it had been "dumped" on

to the Canadian market as the surplus of American output. Still less was I disposed to enter on the deeper question whether a tariff could really exercise any influence to draw outside capital within a Protected area, taking the industry of the country as a whole. Any such diversion of attention from "seen" to "unseen" results is what Mr. Roblin would have called "mere theory."

Like all Protective politicians, he is convinced that the whole matter is quite simple, and he cannot understand why a people like the British, for whom he otherwise entertains such admiration, should persist in clinging to a theory exploded by the experience both of new countries and old.

CHAPTER IV

THE PACIFIC SLOPE

If there is anything in Canada more impressive than the entrance at Quebec it is the exit at Vancouver. After two days and nights of ceaseless travel through the bold, but barren, magnificence of the Rockies and the Selkirks, it is a relief and a delight to enter the beauty of the Pacific coast, with its richly timbered lakeland, its background of softened mountain distances, and its quiet, sheltered sea. Vancouver itself is not an imposing city. Won from virgin forest, in little more than twenty years, the creation of the Canadian Pacific Railroad, it has none of the pretensions of Winnipeg.

It is a purely business town, a thing of stores and banks and meagre wooden houses, with no public buildings of account; for, though the largest city of British Columbia, Vancouver is not the capital. Its business activities, however, were in abeyance the day we struck it. The

Imperial Order of the Daughters of the Empire had been at work: the illuminations of Trafalgar Day shone among its streets; a patriotic parade, followed by a concert, and loyal eloquence from the Mayor and the veteran statesman, Sir C. Tupper, were arousing the enthusiasm of a people whose attachment to the far-off Mother Country is kept alive and fervent by their contiguity to the great American Republic, towards which an attitude of ostentatious animosity is fostered by the politicians and the business men.

Vancouver's career has been a chequered one; it was utterly destroyed by fire nineteen years ago, and only within the last five years has emerged from insignificance. Like all Canadian cities, it is handsomely provided with electric power, and its lighting and tramway services give an exaggerated impression of its development. Its only real claim to distinction is the possession of Stanley Park, probably the most beautiful natural park in the world. Here, as in Winnipeg, the stranger is amazed by the profusion of solid banking-houses; it would almost seem as if the inhabitants must be a race of financiers, concerned purely with money and stocks and shares.

And, in point of fact, this is a land of

speculation, in mining properties, lumber lands, fruit farms, and, above all, in city lots, the pick of which has doubled in value during the last two years. For British Columbia not only catches some of the breeze of prosperity from the north-west, but enjoys hopes and aspirations of her own. She is feeling big. Indeed, big she is to anyone who adopts the late Lord Salisbury's two-edged precept, and studies large-scale maps, or who listens to the British Columbian as he opens out in the after-dinner hour upon the prodigious resources of coal and iron, lumber, fruit and fish his country is able to contribute to the wealth of the world.

Coming from the brisk and bustling atmosphere of Winnipeg and the north-west, one is struck by a certain softness and flaccidity as one descends to the Pacific. There is the same newness and crudeness with more leisure and less strenuousness. This of course is largely attributable to the climatic change, for in temperature and moistness this coast resembles very closely the South of England: mild, damp, and misty in winter; bright, warm, but seldom sweltering in summer. As Canada develops it will doubtless become an important residential place for winter visitors: even now one meets there a good sprinkling of mining folk who

have come down from the interior, or from the more distant Klondike, to tide over the four or five months whose fierce cold tries the toughest constitution, and when every sort of outdoor work is stopped perforce. The Yukon is a sort of romantic background for British Columbia, a "Magnetic North" which challenges the spirit of adventure in the boldest, and the spirit of invention in the most mendacious, prospector-monger or yarn-spinner. The terrors of the Klondike route, the almost superhuman endurance of the first gold-seekers belong, however, to the past, albeit the near past; the steamship and the railroad carry you to-day from Vancouver to Dawson City in complete security and with "every modern convenience."

What's in a name? A great deal of confusion and some attendant inconvenience in the name Vancouver, obstinately or recklessly transferred from the long island which lies forty miles away in the ocean to this new upstart town upon the mainland. That the capital of British Columbia should be a city named Victoria, situated on the island of Vancouver, would have been an easily intelligible, though for practical purposes a rather wasteful fact; but to take this word Vancouver and fasten it on to a larger and a more

important city in the same province is sheer foolishness.

That there is much jealousy between the two cities goes without saying. No European can appreciate the intensity of the raw pride with which an American regards the growth of the new city he has helped to raise, and his hatred of a near rival. Two neighbouring cities of approximately equal prospects are filled with an insane competition. In the United States, St. Paul and Minneapolis, Cleveland and Buffalo, are leading cases ; in Canada the Torontian hates the Montrealer with a childish abandon of vituperation, and the relations between Vancouver and Victoria are those of incessant suspicion. For there are many reasons why it would be convenient that the capital should be removed to the larger mainland city, with a bigger business and a brighter future, and the horrible thought rankles in the Victorian breast. For Victoria is proud of herself, and not without reason : she has beauty, and more pretensions to culture, or at any rate settled luxury of living, than any other city of the Canadian west ; she has " antiquity," dating back to the gold rush of " the fifties," and all the dignity which belongs to officialism and the higher arts of Government. The pressure of British " loyalty " and " patriotism " is probably

stronger to the square inch in Victoria than in any other spot in the Dominion: perhaps it is not idle to suggest that the name has contributed to that fact. The claim, however, is not distinctively political. It is upon their English ways of living, their English society, mode of speech, tone of voice, that the Victorians pride themselves. It is certainly the case that this older settlement, with its temperate atmosphere and its beautiful surroundings (there are few fairer scenes in the world than that furnished by a summer sail through the archipelago of islets that skirt the eastern shore of Vancouver), has impressed on its inhabitants gentler manners and more quiet and dignity of bearing than is elsewhere found. Probably this is due chiefly to the fact that for a generation or more Victoria has been the chosen place of residence and retirement for those British Columbians who have made their "pile," or at any rate their "modest competence," and have been tempted to withdraw from the ruder hustle of the mining and commercial centres.

Nowhere else in Canada is the labour question so prominent, nowhere else is the class sentiment of employer and employed so much embittered. This is often lightly imputed to the proximity to the socialistic-labour movement on the Pacific coast of

the United States, and to agitators who come up from Washington State ; but the true causes are deeper seated. For British Columbia, lying 3000 miles from the Atlantic, fails to draw its needed share of European immigration: though a certain number of British miners find their way, the broader stream of foreigners is sucked dry in transit.

On the other hand, the natural obstacle prescribed in the west by the broad Pacific Ocean has been strengthened by the restrictive legislation against the one great migratory race, the Chinese. Here one touches the greatest issue in far-western American politics, an issue which recent happenings in the Far East are ripening fast. If the trivial population of this great province, some 200,000 all told, is to grow into the millions required to give body to its industrial ambitions, this can only come by giving an open door to Asia. For the Rocky Mountains, stretching their broad back across the country north and south, convert British Columbia from what may be called by courtesy the populated parts of Canada, into a definitely Pacific country; and if Nature has her way, both commerce and population must tend more and more to become Asiatic, and, in fact, predominantly Chinese.

Native population there is none, if one

except the few thousands of half-tamed Indians, who do a little fishing and lumber work : most of the eastern Canadians and Americans who come have no intention to make a permanent settlement. A large share of the actual work is already done by Asiatics : the greatest industrial achievement of the province, the Canadian Pacific Railroad, was chiefly built by Chinese labour.

For manufactures, for roads, for fruit-growing, and for domestic service, it is natural that employers here should look longingly to the East, and should feel exasperation at the policy which shuts out this illimitable fund of cheap labour. Equally natural is it that the handful of white wage-earners should jealously guard the gates against this species of foreigner. The barrier here takes the shape of an entrance duty, which, starting in 1896 with 50 dols., was raised last year to the prohibitive amount of 500 dols. per head. Even under this burden a few find their way in, while those who had gained an earlier entrance, *beati possidentes*, seized the occasion of the new law to demand a considerable rise of wages.

This exclusion policy is usually explained as expressing the domination of the wage-earners, but there is reason to believe that the smaller traders of the

towns, fearing the competition of the Chinese merchants, lent assistance to the passing of the law. Indeed, there is no reason to give much credence to the talk about the "tyranny of labour" or "the menace of Socialism" which prevails in managerial circles. Wages for white men are undoubtedly high, as measured in money. Here in Vancouver compositors get 22 dols. a week for a $7\frac{1}{2}$ hours' day, as compared with 16.50 dols. for a nine hours' day in Toronto; and other skilled wages for union men, though not so high as this, exceed Eastern rates. But if wages are high, so are prices; and workmen complain that they have no security of steady employment. Season trades predominate: now it is work in a lumber camp, now on a farm, followed by precarious city occupation in winter, offering no settlement and no home life.

Nowhere is the absurdity of Protection more patent than here in British Columbia. Every effort of the business men and their Governments is directed towards keeping down trade with the great city of Seattle and the industrial towns of the United States just across the border. Instead of trying to develop close commercial relations with their natural markets, they seek to draw the foods and manufactured articles they need from the far east of

Canada, at enormous expense of carriage and long delays. The animosity against America is a constant theme of their Press, which never tires of girding at Seattle as a "barbarian city," where crime and every sort of disorder are rampant. But geography is too powerful for political artifice : trade along the line of the Pacific coast grows apace, and labour at any rate knows little distinction of Government. If a rapid development of British Columbian industries and commerce is desirable, two reforms are clearly necessary—to throw down the tariff barrier against the United States, and an easy admission of Chinamen. Here it is no question of "compounds" or indentured labour : many thousands of Chinese are already here, living a free and orderly life in the towns ; Vancouver has its Chinese quarter, quiet, clean, and respectable, with its own shops and restaurants.

That a huge country like this, with all its vaunted possibilities, should be cramped in its development by a dog-in-the-manger policy is a monstrous exhibition of monopoly, whether it be cloaked under the name of racial integrity, protection of labour, or any other phrase.

CHAPTER V

CANADIAN PROTECTION

THERE exists no definitely organised Free Trade party in Canada, and though scattered here and there chiefly among the farming classes and the educated professional men plenty of Free Trade sentiment is current, it finds little expression in the political arena.

The Conservative opposition, to which most British Colonial manufacturers, merchants, and other business men of the developed parts of eastern Canada adhere, is definitely, avowedly, and enthusiastically Protectionist, and is far more firmly set upon a high-tariff scheme than at any time since Sir J. Macdonald first introduced his National Policy. As for the Liberal Government, which, under the attractive personality of Sir W. Laurier, holds a large majority of the electorate, and bids fair to possess a long term of power, its old Free Trade professions have evaporated ; its chiefs have relegated Free

Trade to the position of a distant ideal, and, by substituting low tariff with bounties and preference, have virtually sold themselves to Protection.

When Sir W. Laurier went to the country in 1896 his addresses were full of eloquent Free Trade passages, and his chief lieutenants, Sir R. Cartwright and Mr. Fielding, were pronounced enemies of all Protective legislation. But the visit to England during the Queen's Jubilee, the contact then with Mr. Chamberlain, and the rising tide of Imperialism, coincident with the growing power of the Canadian manufacturers and the demands of increased expenditure on militia and other services, drove Sir Wilfrid along the line of compromise represented by his tariff of 1897. The preference to Great Britain, while a fulfilment more apparent than real of his pledges for a substantial reduction of tariff, took the wind out of the sails of his Imperialist opponents, while administering a rebuff to the United States which was popular in all Canadian circles. A more astute stroke of party politics has never been devised; but it meant, as is now apparent, the betrayal of the Free Trade future of Canada. Any doubts were soon dispelled by the further concession of the Government to the demand for export bounties on iron and steel. Though it is

still claimed that tariff for revenue is the goal of the Liberal party, conversation with several of its leaders affords me little hope of its attainment.

Moreover, even among Liberals, the contiguity of the United States, with her vexatious tariff, breeds a belief in retaliation which is most demoralising in its effects. Even Sir R. Cartwright, Minister of Commerce and Labour, often spoken of as "the last of the old Free Traders," I found possessed by a curious notion that the United States could be brought to her knees by a judiciously planted blow of retaliation by Great Britain. His argument ran thus: The movement inside the Republican party of America towards reciprocity with Canada and a general reduction of tariff is futile so long as it is virtually confined to a demand for cheap materials by New England and other manufacturers. The only way of breaking the dominion of the Trusts and big corporations in the Republican party is by a revolt of the American farmer. In order to revolt he must be made to feel the pinch. Now, if Great Britain would, as a merely temporary expedient, put a 5c. duty on American wheat, letting in Canadian free, the howl of indignation from the American farmer would force the stronghold of high tariff and drive

the United States to a more considerate treatment both of Great Britain and of Canada. The British consumer would not feel it unless it were kept on, and Sir R. Cartwright feels confident that, as its efficacy would be immediate, it could then be withdrawn. Liberals and Conservatives alike I find everywhere infected by deep distrust of the policy of the United States.

After their defeat upon this issue in the election of 1892 the Canadian Liberals have no desire to commit themselves to any scheme of reciprocity with their neighbour. The new spirit of national confidence induces Canadians to think that they can stand alone as a self-sufficing industrial community, raising their own food and raw materials and manufacturing in their own country: they do not need to trade with the United States, and if the latter want closer commercial relations it is for them to make an offer. Few Canadians believe that America is prepared to make any offer favourable to Canada. Though they would consider, and doubtless favourably, a proposal from the States for reciprocal free imports of foodstuffs and raw materials, they profess no keenness in the matter, alleging that America needs their raw produce more than they do the produce of America;

that the Northern States must buy, and are buying, the coal, wheat, lumber, etc., they need from Canada, in spite of the tariff.

As for any reciprocity treaty securing for America any reduction of duty on manufactures there is a strong feeling, not confined to Canadian manufacturers, that this would be disastrous. The position adopted was first clearly set forth by Mr. Edward Blake, after the 1891 election, in a letter which made a strong mark on national opinion. If Free Trade between Canada and the United States of America in manufactured articles was arranged, the former could only develop her factories and other productive industries upon the scale of maximum economy, provided she remained secure of access to the newly enlarged American market; but a treaty which might be abrogated at any time under the pressure of American manufacturers would afford Canada no such security: there would be the initial difficulty of starting young manufactures to compete with the large strongly set factories of the States, and if this difficulty were overcome, the peril attending a withdrawal from the compact would remain. This rooted distrust of the fair intentions of the United States is generally prevalent in Canada, and is driven home by the con-

duct of the former in cancelling the reciprocity which existed between 1854 and 1866.

It is evident that, in her present mood, and with her present confidence in her own resources, Canada will make no move towards a new commercial treaty with the States. Moreover, she has no belief in the early probability of an offer worth her entertaining. Indeed, the new tariff which will be introduced next session as the fruits of the Commission which has been taking evidence, seems likely to widen the breach with the United States. For I have it on good official information that Mr. Fielding will propose a triple tariff, consisting of a maximum scale, higher than the present, directed particularly at the United States and Germany, a minimum applicable to other low-tariff States, and a Preferential scale for England and those British Colonies and foreign States, if any, which extend Preference to her. A tariff passed in such a form would probably be higher in its general incidence than the existing one, and would mark another step on the part of a Liberal Government away from the practical policy of Free Trade.

In talking with politicians, business men, and officials, I have been struck by an utter disregard of the interest of the

consumer, and a general tendency to regard his grievances as irrelevant to trade policy.

A rise of expenditure within twelve years from 36,000,000 dols. to 63,000,000 dols. is straining the resources of Canada, even in her growing prosperity. There are two great classes whose immediate interests ought to range them round the Free Trade flag — the wage-earners and the farmers. But while there is much grumbling about high prices there is no effective political organisation. The Dominion Trade and Labour Congress meeting last summer at Toronto repudiated the statement of the Canadian manufacturers that Canada unanimously approved Mr. Chamberlain's project, and passed a resolution endorsing in general terms the platform of the British Trade Union Congress. But it would be quite unwarranted to assume that the majority of the Canadian workmen were Free Traders. Farmers grumble—when do they not ?—the Western farmer in particular will often represent the tariff as a dodge of Eastern manufacturers to plunder him. But except to some slight extent in Ontario, farmers are not organised for political action, and in Manitoba and the new provinces the tariff plays no real part as a present issue, being crowded out by more pressing

interests in land, finance, and even education.

At present the business men are stimulating the Commission to build up a scientific tariff in the old familiar way. A. wants "a readjustment of the Government Act for encouragement to shipbuilding"; B., a soap manufacturer, seeks "the free admission of certain oils essential in his branch of industry, in order to make the Australian trade a possible capture"; C. petitions for a continuation of the bounty in pig-iron produced in British Columbia, "explaining that such continuance would result in immense blast-furnaces being built on Vancouver Island, to utilise native hematite and gagnetite, which otherwise would be established on the American side, though drawing their raw materials from British Columbia mines"; D. wants "the augmentation of the duty on raw leaf-tobacco, with the object of inducing British Columbia to grow the plant"; E. asks that "eastern oysters be placed upon the free list when imported for transplantation only, it being possible then to build up an important industry, now monopolised by California."

Here are a few samples of practical tariff-making drawn from a single day's report of the proceedings of the Com-

mission. The "science" of a tariff so built up is simplicity itself.

The recent Commission found alike in town and country a strong feeling in favour of tariff reduction. The example of the United States, with its tariff-fed Trusts controlling the prices of food and most of the prime necessaries and conveniences, the lowering of the standard of comfort for the mass of workers which has resulted from the Dingley Tariff, the corruption of legislatures and of law courts, has made no small impression on reflecting persons in Canada. Similar fruits of Protection were exposed in Canada during the investigations of the Commission: Trusts of a most rigorous type were seen to be operative in certain trades, exercising a complete control over markets, and raising prices to the consumer. In Toronto, the headquarters of Canadian Protection, no fewer than seventy combines were unearthed by the Crown Prosecutor last year, mostly offshoots of some large United States corporation: metal goods, textiles, and groceries in various branches, are favoured subjects of combination.

But though these discoveries doubtless had their effect in causing a postponement of the further means of Protection to which the manufacturing interests were pushing the Government, it is unlikely

that the course of fiscal events will be materially altered. Though some arrangement with the United States for the admission of raw materials, especially coal and pig-iron, would be advantageous to the rising manufactures and the transport industries, it is exceedingly unlikely that the hold which the Ontario manufacturers have got over the Government will be seriously shaken, either by the protests of ill-organised farmers, or by the general body of consumers. The pressure of well-organised vested interests, co-operating with the growing financial needs of a Government which dare not risk unpopularity by proposals of direct taxation, seems likely to prevail here as in other new countries : the democracy of Canada may prove as unable to safeguard the true interests of the body of consumers as in the United States.

At any rate it is evident that Canada is going through a long era of Protection, moulded in the usual fashion by industrial greed and political cowardice. Whether the tillers of the soil and the workers in mills, mines, stores, and on railroads, who form the immense majority of the population, will have the intelligence and the power to rescue themselves from the coils of this Protective serpent, is a great question for the future. It arouses little interest

at present. When the workers of Canada wake up they will find that Protection is only one among the several economic fangs fastened in their " corpus vile " by the little group of railroad men, bankers, lumber men, and manufacturing monopolists who own their country.

CHAPTER VI

THE AMERICANISATION OF CANADA

In the St. James's Club, at Montreal, or the Rideau, at Ottawa, and still more prevalent in Toronto, you find a sort of Canadian who prides himself upon being conspicuously British, and is loud in his denunciation of the United States, her politics, her commercial methods, and her ways of life. This, indeed, may be described as the distinctive attitude of the well-to-do Canadian, who seems everywhere to think himself more English than American. In point of fact, the very club in which he thus descants is a typically American product : its foods, cooking, and modes of service are American ; the anteprandial cocktail, the absence of alcohol from table, the literature in the reading-room, the talk of sport and stocks and industrial development, the very tone of voice, are not English, but American. No one familiar with the States can fail in all

the details of life to detect the common character.

Great Britain is, of course, somewhat more in evidence here than in the Republic : the cocktail habit, for instance, is conjoined with that use of whisky-and-soda which prevails throughout the Empire ; English books and magazines compete in fairly equal terms with American ; *Punch*, the *Spectator*, the chief illustrated weeklies, and occasionally the *Times*, are found in clubs and libraries, though the New York journals, and such periodicals as *Munsey's* and *Everybody's Magazine* are far more widely read. Some particular attention is given to English sporting matters : I found a great "sweepstakes" on the Cambridgeshire widely advertised in Vancouver, while in the chief bookstall of this far-distant city a pile of the *SportingTimes* was the most conspicuous representative of English literature.

The main body of the reading of the people, of course, consists of the local newspapers, which in such cities as Montreal, Toronto, Ottawa, and Winnipeg are for the most part superior in intelligence and sobriety to the Press of cities of corresponding size in the States. But even there the superior development of American commercialism undermines Canadian independence. Until quite recently the entire

body of cable news came into Canada through American sources, and selected and doctored for American tastes; and though attempts are now made to place Canada in direct cable relations with Great Britain, it is not easy to resist the economy of dealing with affairs of Europe through the American Press agencies. So too the Canadian Press buys in the same quarter much of its general reading matter to fill in the great Sunday editions which spread like a disease over the whole American continent: the "patent insides" are all American.

This commercial pressure of the larger population on the smaller, in spite of political barriers, is of course inevitable. The material and moral pabulum of the Canadian and the American will assimilate more and more as the essential community of needs gets freer play.

Turning from the well-to-do habitués of clubs and hotels to the ordinary man in the street and woman in the home, he and she are American through and through, though with modifying circumstances, which I will indicate presently. Take the life of the street, the store signs, the dressing of the windows, the plate-glass publicity of the hotels, the palaces where one sits upon a gilded throne, *coram populo*, to have one's shoes

blacked for ten cents; the omnipresent candy-store, and its sympathetic drug-store; the ill-made streets, with the prevalence of plank paths; the promiscuous levée of the hotel-hall; the highly heated rooms and cars; the waiter, who openly peruses as he stands by your table the newspaper you have just laid down; the conductor and the brakeman, who sit down at your table in the dining-car and treat your feeble attempts at conversation with the brusque superiority of their order—all this is distinctively American.

The differences are mostly of degree; the superb self-confidence of the average American woman as she walks abroad, the licensed obtrusiveness of children, the perpetual degeneracy of conversation into story-telling—these characteristics are less marked in Canada than in the States. In fact, Canada presents as yet a sub-American variety of civilisation, though in some ways rapidly assimilating to the States.

Physically, the Canadian seems to be a sturdier stock, of heavier build, slower moving, and less nervous than the American. This is particularly applicable to the women, whose movements and conversation are quieter, and who are without the hunted look in the eyes which marks so many Americans. The colder climate

may exercise some moderating influence, but probably the chief explanation of these differences lies in the fact that most Canadians are country born and bred; there are few large cities, and even the dwellers in these cities keep up a more constant contact with country life. Nowhere in Canadian cities does one see the profusion of luxury and waste visible in New York or Chicago; though most persons seem to live in fair comfort, there is no class of millionaires dominating "society" and making the form and pace for servile imitation among the less wealthy classes. Hunting (in the American sense of shooting) and fishing, with their accompaniments of camping out, play a large part in the national life, sport not having degenerated into the merely gambling and spectatorial habits. Altogether the Canadian lives a healthier life; even busy cities like Toronto and Montreal conduct their business life more quietly than cities of corresponding calibre in the United States.

At the same time it is evident that Canadian life is approximating more and more to that of her powerful neighbour, and if the rapid manufacturing growth which she anticipates takes place, the qualities and defects, industrial and political, of the United States will also

be those of Canada. For it is not merely a case of imitation and of common needs and growth; if Canada is really destined to quick development it will be achieved by a large influx of American capital and labour, inventive and organising energy. What is already happening makes this manifest. Of the flow of American farmers into the Canadian north-west I shall write later; into the new manufactures of Ontario and Quebec the French Canadians, who hitherto had sought wage labour in the mills of New England, are steadily moving back, and not a little skilled American labour is following.

But far more important is the flow into the Dominion of American capital and business enterprise. Some of the most powerful American Trusts and other big manufacturers have already set up large works inside Canada, such as the International Harvester Company, the American Locomotive Works, the Singer Manufacturing Company, the Rand Drill Company, the Dominion Car Company, and a large number of other firms, connected with transport, electric apparatus, and industrial machinery. Indeed, it is one of the frequent boasts of the Canadian Protectionist that his tariff sucks in American capital, forcing the great Trusts

to set up inside Canada, with Canadian labour, instead of exporting goods from their American mills, though in the next breath the same Protectionist, in his capacity of British Imperialist, expresses his regret that British capital will not come into Canadian "industrials." A large proportion of the big manufacturers and railroad men are American born, and the training and business ideas they bring are imported from the States.

Though railroad officials insist that their capital, at any rate, is chiefly British, there is every reason to suppose that Americans are investing freely in Canadian railroad stock, and alike in Ontario, Manitoba, and British Columbia, American railroads are everywhere planning and executing northern connections. The great lumber, pulp, and paper mills at Ottawa I found equipped almost entirely with machinery from Connecticut, Delaware, and other American States, and the same is true of many other advanced manufactures. It would, indeed, be strange if this were not so; until the last few years Canadian energies were almost wholly agricultural, and even to-day born Canadians who have come to the front in business, have generally passed a long apprenticeship across the border, imbibing the alertness, audacity, and fertility of

resource which distinguish the American business man.

Canada is a generation behind the United States in most lines of industrial development, and the latter, with their huge preponderance of wealth and population, are bound to play a paramount part in the economics of Canada, and possibly in her politics, when Canadian capital has passed through its embryonic stage, and has formed a fuller "national policy" of exploitation than that initiated eighteen years ago by Sir John Macdonald.

CHAPTER VII

THE FRENCH IN CANADA

THE rush of new, raw American energy in Canadian development is tempered by the presence of another older element. The old French stock, with its persistent clinging to the language, the laws, the religion, the agriculture, and the village life of a bygone epoch in the life of France, gives a distinct flavour of romance to the older provinces. The long period of French rule, in which monarchy wielded absolute government through feudal seigneurs, has left its mark even on the politics of to-day. Accustomed to regard the State as a power above, an arbitrary dispenser or withholder of favours, the French Canadian peasant is still too much disposed to regard "politics" as a method of extracting laws and public money for the improvement of his local interests. His politics, his religion, and even his mode of speech belong rather to pre-revolutionary France than to the France

of to-day. To the habitant of Quebec, Great Britain still remains a foreign country, and so far as a sense of "nationality" is present to him, it is French rather than American nationalism that affects his mind. Not that there is any strong sympathy with the democratic secularism of the modern French republic, or any desire for a reversion to political relations with the old country from which their blood, their laws, and their culture are derived. There is no disloyalty, active or latent, to the British Empire, no present sympathy with the conception of independent Canadian nationalism, still less with the notion of a political merger with the United States. So far as such feelings can be gauged at all, it seems as if the body of the French in the old provinces cherish a half-conscious desire that Quebec and Ontario, old Canada, could stand aloof from the larger opening life of the Dominion, so that the French, by virtue of population, racial solidarity and habits, might have their own way in the government of the districts to which they are attached. Such a hope, once seriously entertained, is, however, now being reluctantly abandoned. For though the separateness between French and British Canadians in the more intimate relations of life remains strongly marked, the modern

industrial career upon which the country is entering is beginning to make itself felt even in the backwoods of Quebec. The contagion of the States has now for a generation been operating on the young Canadians, who have poured into the New England mills : their reflux into the old provinces, under the pressure of the new developments, brings new ideas and ways of life. Raiload development, the working of great lumber reserves, and the utilisation of water power, are breaking down the old isolation. The lingering feudalism is yielding to the same forces. " The Noblesse and Seigneurs have almost dwindled into the common mass of the vulgar ; and their estates and Seigneuries have been divided among their children, or have fallen into the hands of opulent British merchants."

A few of the dying generation may still entertain the notion which Mr. Goldwin Smith expressed fifteen years ago when he wrote, " Quebec, at the present day, though kindly enough in its feelings towards Great Britain, is not a British colony, but a little French nation." But it is not alone the invasion of American industrialism that sweeps away this old order. Canadian unity is visibly swelling ; railways are binding ever closer the diverse provinces, and community of interest is

represented in a strengthening of the federal government.

The growth of the new north-west is the death-blow to the old French aspirations. For the real basis of French domination in Canadian affairs lay in the preponderant growth of the population. Nowhere in the British Empire is the fecundity of population anything like as great to-day as in Quebec, where the birth-rate at the last census was 36.83 per thousand as compared with 28.80 for the whole country. Though the mortality in the French villages was always high, the size of their families yielded a large overflow, which has annexed large sections of Ontario and bids fair in time to dominate the politics of that province. But the rate of immigration from Europe and the United States into Manitoba and the north-west has turned the scale: the Canadian nation of the future cannot be pre-eminently French, though this leaven will remain important; it will be a blend of all the European peoples, resembling that of the great Republic, except that the peoples of southern Europe will be less prominently represented.

At present the French fuse very little with the British, nor do they take any part proportionate to their numbers in the westward movement. They are

peasant-farmers or lumber-men in the country districts, and in the rising industrial cities of Ontario are the hewers of wood and drawers of water for the prosperous Scotch or Irish-Americans who run the manufactures and the commerce.

Forming nearly two-thirds of the population of Montreal, they are seldom found at the head of any considerable business, though not a few achieve success in the professions, especially in law, for which they possess great natural aptitude. But though nearly all the big bankers, railway men, manufacturers, and traders are British, there are signs that the French are beginning to encroach. Entering more largely into town life, they are coming to the front in engineering and other pursuits where science plays a controlling part in business.

The ordinary British attitude towards the French Canadian is one not of personal dislike but of some contempt mitigated by suspicion, in essence the same attitude as that which the Ulsterman adopts towards the uneconomic Irishman, the smart Johannesburger towards the unprogressive Boer. The solidarity of the French Canadian, based on religion, speech, and attachment to the soil, prevents all vital understanding between the two races. The ordinary British theory imposed upon

the visitor to Toronto or Montreal is that the French are a slow, dull people, content to struggle along in poverty and to hand over the chief control of their lives, with all their spare cash, to the priests, who are their real local rulers. But a little cross-examination will often disclose the fact that your informant has never been on visiting terms with any single French family, that his knowledge is confined to purely economic relations with French workmen, and that his large general judgments are mere caught-up phrases from newspapers or platforms. It is a really astonishing thing how two races can live side by side and know so little of one another. In Quebec, where the French are in an overwhelming majority, and where a considerable well-to-do class exists, the few British families get into some touch with them; but in Montreal there is no social intercourse between the races, who occupy different neighbourhoods and rarely meet in any sort of common enterprise. Even where a common bond of religion exists, as in the case of the Irish, it does not suffice to bridge the chasm: and attempts to utilise the same places of worship and to co-operate in other religious services have usually failed.

Probably between Irish and French, both furnishing large quantities of manual

labour, economic conflicts neutralise religious sympathy.

The few British who have been in close sympathetic touch with the French are disposed to think the talk about priestly tyranny exaggerated. It is quite true, they say, that in the past the Church has sucked great wealth from this nation of staunch believers, and has undertaken the practical control of their politics, but this power is shaken. The habitants of the most remote parts are affected by the new manners brought in by the easier access to cities; industrialism is making its way, the old-fashioned implements of agriculture are yielding to the products of the Harvester Trust, new comforts are coming into the standard of living; most of the families have some member in the United States or in one of the rising Canadian cities. All these things are stirring up the old-world routine complacency of life; with economic changes come new ideas regarding politics and religion. The priests are beginning to recognise that their flocks are no longer their obedient children; wrangling over church dues comes to play an ever larger part in village life, and the spread of reading has undermined the power of the pulpit. That the people of Quebec should have thrown over the authority of the Bishops

in the famous issue of the Manitoba Schools at the bidding of Mr. Laurier and his friends was a revelation of new forces at work in the world of Catholic Canada.

But the cohesiveness of the French Canadian people makes these changes slow. Home still means more for them than for any of the other races that have settled in Canada; if they break away it is generally to return. Such migration as takes place is more or less wholesale, as when in the early days of Manitoba an attempt, favoured by the Church, was made to plant French Catholic influence in the new north-west. "There was to be a new French nation, stretching from the Red River to the Rockies, possibly under the British flag, and tolerating no doubt the presence of Anglo-Saxons, but dominated by priests and bishops."[1] This dream is dissipated, and it is well that it is so.

[1] Bradley, *Canada in the Twentieth Century*, 255.

CHAPTER VIII

COLONIAL PREFERENCE

The preferential arrangement in the Canadian tariff of 1897 giving Great Britain a reduction of 33 1-3 per cent. upon import duties cannot seriously be regarded as the beginning of an enduring fiscal policy, still less as the foundation-stone of an Imperial system of preferential trade. It was in origin a stroke of party politics. It is tolerably certain that before the elections of 1896 Sir W. Laurier gave the manufacturing interests clearly to understand that if he were placed in power he would not disturb in any serious way the protective system; this pledge, or understanding, served to draw the fangs of commercial opposition, and helped to give him his large majority.

As a political move this holding out of hands to the Mother Country has so far been successful, and Mr. Fielding, the astute agent of the policy, is probably correct in claiming that "practically the

two great political parties in Canada are a unit to-day in favour of the principle of Preferential trade." But so far as this is true, it is a testimony not to the magnitude but to the insignificance of the results of Preference. Among politicians of all grades there is a good deal of lip-homage given to something that is called Imperialism, and Preference ranks as an item in this vaguely-conceived policy of a closely-linked British Empire. Most business men approve Preference because they would, other things equal, rather deal with England than with the United States or Germany. But the ordinary Canadian neither knows nor cares about the Preference.

First, it must be remembered that 42 per cent. of imported merchandise enters Canada free. Next, of the dutiable imports a very large proportion consists of foodstuffs, raw materials, and certain sorts of manufacture, such as woods and oil, which Great Britain cannot produce for export. Here the United States, our great competitor, holds an enormous and a permanent advantage.

Though Preference has had some apparent influence in checking the rate of the decline in growth of British as compared with American imports into Canada, it does not prevent that decline from con-

tinuing. Ever since 1870 there has been a continual decline in the proportion of imports taken from Great Britain and a continual increase in the proportion taken from the United States. This movement, though retarded, is not stopped by the Preference. In the first year of the Preference, 1899, Canada drew 24.72 per cent. of her imports from Great Britain, 59.24 per cent. from the United States; in 1905 she draws 23.98 per cent. from Great Britain, 60.58 per cent. from the United States.

If we exclude the articles we cannot export, and confine ourselves exclusively to those in which we compete directly with the United States, the result remains just about the same—the latter is slowly gaining upon us. It cannot, therefore, even be claimed for the Canadian Preference that it has stayed the relative decline of British imports. That it has assisted certain British manufacturers to hold and even to improve their competitive position is obvious, for every cause must have an effect. But the proved gains are with one exception small, and are all precarious. The following British manufactures received some benefit:—wool, cotton, linen, flax, leather, glass, carpets, curtains, cordage, jams, confectionery, and earthenware. Now it will be observed in the

first place that almost all those of any consequence belong to the textile group. Only three of these, viz. wool, cotton, flax, show a trade in dutiable imports amounting to a million dollars value, and of these three only one—wool—can be described as a really considerable trade, amounting, in fact, to a value of over thirteen millions. Moreover, the recently published figures for 1905 indicate that in most of these benefited trades the limit of gain is reached : in cotton, curtains, cordage, flax and linen, earthenware, an actual decline of dutiable values is registered, and in the most considerable of these, viz. cotton, the decline of British is accompanied by a considerable expansion of American imports. The only British trade which has quite clearly made a considerable benefit from the Preference is the woollen trade.

Now, economic critics who have pointed out the inherent inconsistency between Protective and Preferential duties are commonly derided as "mere theorists." But recent happenings in the woollen trade of Canada fully justify this criticism. The Preferential duty on woollen goods made itself felt at once in its influence on the "infant" industry of Canada. Most of the Canadian woollen mills have collapsed before Yorkshire competition ;

in woollen cloths, in carpets, and in worsteds, they find themselves quite unequal to the struggle; in blankets alone they seem able to hold their own.

Directly this effect of Preference was felt, the Canadian manufacturers began their pressure on the Government, and in his Budget speech of 1904 Mr. Fielding announced a "modification" of the Preference in the case of two classes of goods, viz. woollen cloths and twine and cordage, where British manufacturers were competing successfully with Canadian. Under the 33 1-3 per cent. Preference the duty on British goods had fallen to 23 1-3 per cent. *ad valorem*. Now, at the demand of the Canadian trade, a minimum tariff of 30 per cent. was set upon these goods. Similarly, in the case of twine and cordage, the Preferential duty was raised from 16 2-3 to 20 per cent. These changes were admittedly made to protect the Canadian manufacturer against British competition, and signify a withdrawal of Preference so far as Preference conflicts with the Protective policy to which the Laurier Government is now committed.

The case of the Canadian woollen trade is crucial; the manufacturers are not satisfied with the modification of 1904, and demand further concessions to Protection. What holds of the woollen trade will hold

of every other British trade which competes with a Canadian industry.

Canadian business men and politicians sincerely desire that Great Britain rather than the United States or Germany should supply the manufactured goods which they must import. But the attempt to give efficacy to this desire by means of Preferential duties is impracticable. So far as the greater part of the field of imports is concerned, Great Britain cannot compete. No possible amount of Preference will enable her to displace the United States in large classes of trade directed to supply those needs or tastes which are distinctly American, such as drugs, perfumery, books, paints and colours, mineral waters : the hold which the United States has got in some branches of the metal trades, such as brass and copper goods, machine tools, electrical apparatus, and in certain sorts of wood, cotton and leather manufactures, cannot successfully be challenged by British producers. One of the most significant facts shown by Canadian trade statistics is the failure of the Preference to enable British metal manufacturers to compete with the United States. Not merely in American specialities, but in most of the staple branches of the iron, steel, and machinery manufactures, the United States is advancing fast.

This single group represents a far larger aggregate of values than the whole of the British trades which have gained through the Preference, and well illustrates the impotence of small artificial devices to reverse the natural course of trade.

The notion of a "schedule of forbidden industries," any shackle on the future possible development of Canadian industries, is too absurd for discussion. If any group of Canadian capitalists thinks the time has come when they can successfully establish an industry to produce any class of goods hitherto imported from Great Britain, they will demand from Mr. Fielding, or any other Minister of Finance, the withdrawal of the Preference, or, what amounts to the same thing, the increase of the duty on which the Preference is based, and they will get it.

CHAPTER IX

BRITISH SLACKNESS

I HAVE already pointed out how trivial is the benefit conferred on British trade by the Preferential treatment accorded by Canada to our imports, and how precarious such trade must be, resting as it does upon a policy at variance with the general Protective system which is now firmly planted in the Dominion. Every artificial stimulus slackens the incentive to honest enterprise. If English manufacturers think that they can beat American and German competitors by this favourable handicap, they will naturally neglect sound business methods. This is what notoriously occurs in Canada. So little trouble is taken by English manufacturers and exporters to study the requirements of Canadian consumers and to push their wares by legitimate trade methods that scores of little trades are securely held by foreigners which English firms could share if they cared to recommend their wares to Canadian buyers.

It is partly a slackness of private enterprise. Our competitors in the United States keep a constant stream of commercial travellers flowing through the towns of Canada ; there are at least a hundred Americans " on the road " for every Englishman. An English firm will send out a representative to make a market. His first tour will be unproductive, he will make an unfavourable report, and the matter will be dropped. An American firm will send again and again, tempting the retail store until an order is procured, and having once got his wedge in, will drive it home. Of course, the American enjoys a considerable advantage from propinquity ; he can communicate with his house and get an answer in three or four days, whereas, unless the order is big enough to justify the use of the cable, an English agent consumes several weeks in fixing terms of sale ; and there is a similar advantage to the American in the execution of orders.

Then, again, there is the question of advertising. Not only do American firms spend more freely than British, but in Canada they enjoy a practical monopoly of the best instruments of advertisement, the periodical literature. Going the other day into a drug store in a considerable Canadian town, I asked for drugs patented in England under several universally known

titles. The druggist had never even heard the name of any of them, and instead offered me a choice of American articles. This is a quite common experience, and must be attributed largely to the fact that the magazines and other popular literature circulating throughout Canada are American, not English. This is not wholly a matter of taste ; many English publications would find a fair market here, if the postage were not regarded as prohibitive. Many of the showy, popular American magazines, of the *Munsey* type, are delivered to the reader at a dollar a year, whereas reading pabulum of the same calibre from England is loaded with a postage of another dollar.

It is quite true that the Canadian gets his English magazine by post as cheaply as the English do themselves, but the recent cheapening of all reading matter in America has made the charge for postage relatively higher, and nearly always turns the scale. All the trade advertisements which meet the Canadian eye are thus American, not British ; even those magazines of British origin, such as the *Strand*, which do enjoy a wide vogue, are American editions, containing exclusively American trade advertisements.

Thus it comes about that the Canadian retailer and consumer are familiarised with American goods, have their names and

shapes and qualities continually flaunted before their eyes, while English goods as excellent in character and cheaper in price are utterly unknown to them.

But the lack of machinery connecting English manufacturers with Canadian importers and wholesale dealers is still more injurious to British trade with Canada. Here we come across a most extraordinary delinquency on the part of our Colonial Office. Some years ago, in response to repeated probing, Lord Salisbury stirred up the British Consulate to do some elementary work in the nature of supplying commercial intelligence for the use of British business firms. These Consular Reports, often made by men ignorant of commerce, are usually crude performances, appearing at long intervals, and ill-circulated, but they contain some organised authentic information serviceable to our exporters. In the most insignificant South American State we possess some official whose duty it is to keep himself in touch with commercial opportunities for British trade.

But in the Dominion of Canada, as in our other Colonies, we retain no single representative who acts as commercial agent or information bureau for facilitating British commerce. English manufacturers and contractors are thus hopelessly handicapped in the seizure of opportunities for

profitable trade as compared not only with the United States but with every other civilised country in the world. The United States possesses alert trade agents in every city of Canada, great or small.

She has no fewer than eighty-nine men whose business it is to look after the interests of American export trade, keen commercial men watching every sort of business opportunity, and sparing neither time nor trouble in scenting new markets and profitable contracts. A constant stream of detailed information pours in through these channels to the Department of Commerce at Washington, is digested, and flows out in a daily *Trade Circular*, distributed far and wide over the whole business world. What the United States does, every other European Government does, though less thoroughly.

Nations like Belgium, Switzerland, even Portugal, have paid far more public attention to Canadian markets than Great Britain has. There are no fewer than eleven Belgian agents diligently pushing the wares of their countrymen. Canada herself has nearly a score of commercial representatives in Great Britain, the British Colonies, and in the chief European States, looking out for opportunities of Canadian export trade. It is simply idiotic to prate about the necessity of cultivating inter-imperial trade while

neglecting the most obvious means of bringing together British sellers and Colonial buyers. A single instance will serve to indicate the working of the neglect. Some new public work is in contemplation —say the making of a new bridge at Ottawa. Directly it is determined to undertake the work and to invite contracts, the American agent, who is on the spot, hears of it, and wires full information to Washington, which is brought to the notice of all the great contracting firms in the country through next day's *Trade Circular*. There is no security that any British firm will ever hear of the opportunity; there is no man at Ottawa or anywhere in Canada whose duty it is to give information to any other man in Great Britain who shall make it known to British contractors.

The Trade and Commerce Department at Ottawa, in its careful weekly and monthly Reports, issued for the information of Canadian manufacturers and merchants, performs in an eleemosynary way some of the work neglected by Great Britain. It receives a considerable number of inquiries from British firms seeking to establish business connections and to get markets in Canada, and acting as informal middle-man, seeks to bring the inquirers into touch with Canadian purchasers. I take the following examples from a recent

weekly Report :—" A North of England cement manufacturer desires to appoint an agent in Canada for the sale of Portland cement." " A Yorkshire worsted spinner desires to get into communication with Canadian manufacturers requiring worsted yarns, warp and weft, either in tubes, in hanks, or bundles." " A Hull, Eng., manufacturer of binder twine, hemp sackings, and hemp yarn of every description, desires communication with Canadian buyers, and will appoint an agent in Canada." During the first nine months of last year upwards of 2000 trade inquiries of this sort have been received by the Ottawa Department. Of course, all this most properly falls within the function of British officials.

The appointment of a really competent trade agent in Ottawa, with a couple of clerks, and with carefully chosen correspondents in Halifax, St. John, Quebec, Montreal, Toronto, Winnipeg, and Vancouver, could do vastly more for British export trade with Canada than any Preferential tariff terms which Canada is capable of giving. The gross and palpable neglect of public duty here described has been the object of pertinacious representations to the Colonial Office for some years, but no attention is paid, and nothing is done.

CHAPTER X

THE WHEATFIELDS

WINNIPEG stands at the entrance of what is perhaps destined to be the greatest wheatfield in the world. As you leave that city travelling west you plunge at once into the four hundred miles of almost unbroken wheat cultivation, extending beyond Regina, the capital of the new province of Saskatchewan.

Nearly all the great wheat lands lie near the railroads. All the grain had been cut when I passed through; much of it, however, was still lying in loose hillocks waiting for the thresher. The land mostly lay in thick yellow stubble, though some farmers were already busy ploughing up the black soil so as to make all ready for the spring sowing when the long winter shall yield to the April sun. Every now and then along the horizon rose the smoke of the steam thresher at work upon a stack of wheat or barley, sucking it in, extracting the grain, cleaning

it, depositing it in boxes ready for transport, and registering the exact quantity threshed. The bigger farmers often own a thresher, but most wait their turn for one of the machines which the threshing gangs take round from farm to farm. The threshing is the liveliest and most important process in the year's work, and forms a lucrative occupation for thousands of men.

The straw is left lying in mounds in the fields, valueless, and at night the gloom is broken at intervals by frequent fires lighted to consume it. As soon as the threshing is over, the farmer, at his earliest convenience, hauls his wheat to the nearest elevator, the large, ugly granary, some hundreds of which stand at the stations along the railroads, conspicuous objects everywhere in West Canada. The elevator (so called because it lifts the grain from the carts before throwing it into the great storage bins) is a very important link in the process of marketing the wheat. One of these elevators at Fort William holds 3,000,000 bushels, but so rapid has been the recent expansion of the wheat supply that a shortage of elevator space is one of the gravest troubles in the agricultural situation. Upwards of 90 per cent. of the farmers sell their wheat outright to the elevator companies; the rest leave it on deposit, graded and stored,

waiting for a favourable price to sell. They do not, however, lie out of their money, for the elevators give certificates up to 80 per cent. of the value, which are accepted as a basis of bank credit.

When the wheat is stored, the struggle for "cars" to carry it to Fort Arthur or other point of water-carriage begins. The present rail accommodation from Winnipeg, where the grain trains gather on their way to the Lake Superior ports, is now wholly inadequate for quick safe transport. Until the Grand Trunk and other roads are available this will be a growing difficulty. Once got afloat at Fort William or Arthur, the wheat passes through the canal at Sault St. Marie, connecting Lake Huron with Lake Superior, and is mostly landed at some port on Huron or Georgian Bay, or else is carried by the St. Clair River to Lake Erie, where it is landed at Buffalo, or in some instances keeps water through the Welland Canal until it reaches Kingston, or even Montreal. But practically all the wheat must be transferred after its lake passage to the railroad to be carried to the port—Montreal, Quebec, Halifax, in summer; Portland, Maine, Boston, or New York, in winter—from which it is borne across the Atlantic. In moving the wheat the crux of course lies in the fact that lake navigation practically

closes with November, so that, if the expensive overland route to an open port in the United States is to be avoided, the wheat must be rushed along the routes above described during October and November. It is true that wheat will keep; but storage costs half a cent per bushel each month, and, allowing for insurance and shrinkage, there is a loss amounting to about $7\frac{1}{2}$ cents a bushel in holding the wheat over till next spring. Of course, higher spring prices sometimes (as last year) justify the holding over, but the present defective machinery for rapid carriage is an injurious element.

Various plans for easing the situation are eagerly canvassed throughout Canada. One of the most obvious is to develop flour mills in Canada, and to export, instead of wheat, the flour, which will bear the heavier cost of land transport. A few well-equipped rolling mills already exist at Winnipeg, Ratportage, Montreal, and elsewhere, and it seems likely that the first-named city will be a great milling centre. But this will offer no sufficient solution for the main problem, which is one of multiplying the railroad accommodation during the period of open water-carriage. Canada undoubtedly has the wheat lands, and if the present rate of growth of immigration continues she will

have the farmers, and can grow the wheat; but unless a prodigious increase of railroad development takes place, she will be frustrated in her desire to furnish the bulk of the wheat supply for the British consumer.

The Grand Trunk transcontinental scheme now afoot, and the proposed extension of the Canadian Northern and other Canadian and American roads may in time make adequate provision, but a dearth of railways must retard the growth of wheat cultivation during the next ten years. Among other railroad plans, that of a line from Winnipeg to Fort Churchill, or some other point on Hudson's Bay, is canvassed, a plausible enough scheme on paper. The road would not be a long one—some 700 miles—and the distance to Liverpool by this northern sea route would be shortened by the same number of miles. But the difficulties of utilising such a route are probably insuperable. The sea passage through Hudson's Straits would be open only for July, August, and September, so could not handle any quantity of this year's wheat, and even in summer the navigation is dangerous. Such defects and difficulties do not, however, prevent the confident Canadian from prophesying that Canada will be able in a few years' time to send England all the

wheat she will need for her teeming population.

The critical report upon wheat production for export, made last summer by Professor Mavor of Toronto to the British Board of Trade, has been a subject of acrimonious attack by the Press and politicians of Canada, because it throws doubts upon the possibility of so rapid a development of wheat production. As usual in such cases, the issue turns upon the widely divergent evidence of experts, who differ on every essential matter, the annual area cultivable in wheat, the estimated aggregate yield, the quantity to be retained for home consumption, and so the net amount available for export. The most conservative authority places this last at 169,250,000 bushels, the most liberal at no less than 612,000,000, much more than enough to supply the requirements of the British market.

Professor Mavor inclines towards the more conservative estimate, supported by elaborate evidence, which his critics usually have not read. One of the leading members of the Ottawa Government, who spoke to me in scathing terms of the folly of the Mavor report, naïvely volunteered the information that he had only read the final summary. The gist of Professor Mavor's important argument is that "Very

great improvements in the productive power of the country, and a very considerable increase in the effective population, as well as a more exclusive regard to wheat cultivation, would have to take place before the north-west could be regarded as being in a position to be relied upon as producing for export to Great Britain a quantity of wheat nearly sufficient for the growing requirements of that country."

The main considerations upon which he relies are that the United States will in a few years' time probably become a considerable purchaser of Canadian wheat, that the growth of the agricultural population in the north-west is unlikely to expand at the pace of the growth of immigration during the last three years, and that even if an adequate amount of land were available as wheat land, the settlement of immigrants on small farms will not favour so exclusive a production of wheat as is sometimes supposed. Inflation and depression are incidents in the history of every new country, fat years are followed by lean, and to generalise for the future of north-west agriculture on the basis of three or four "bumper" crops would be an obvious act of folly.

While such reflections do not recommend themselves to "boomsters," they

are exercising a sobering effect upon the minds of the more thoughtful Canadians who are not speculating in land companies and railroad stock, and who recognise that a slower and more steady development of the really rich resources of the north-west will favour the future prosperity of the country far more than an artificially fabricated rush, followed by a panic and collapse such as occurred in the early Manitoba days.

CHAPTER XI

CANADA'S NEW BLOOD

THE most important industry of Canada is the manufacture of raw human material from Europe into Canadian farmers and citizens. The best point of survey for this great work is the immigration office at Winnipeg, which is under the charge of an admirably humane and versatile officer, Mr. Obed Smith. Stagnant for many years after the short spurt of the early eighties, the stream of immigration into Canada has been swelling rapidly in the last few years. During the nineties farmers from Ontario and the nearer States of the Union had explored the rich agricultural resources of the north-west, but not until the last five years did the flow of settlers assume great dimensions and European immigrants play any large part. The significant growth of the last few years may be best displayed by the following condensed table :—

	1899	1900	1901 *	1902	1903	1904	1905
British . .	10,700	5,141	11,810	17,259	41,792	50,374	65,359
European Continentals .	16,749	8,270	10,428	15,830	28,947	29,056	35,319
United States .	11,945	8,543	17,987	26,388	49,473	45,229	43,543
Other Nationalities . .	5,169	1,941	8,924	7,902	8,152	5,672	2,045
Total . .	44,563	23,895	49,149	67,379	128,364	130,331	146,266

* Ending June 30.

About three-quarters of these new-comers settle in the north-west, most of the remainder in British Columbia and Ontario. There is also a large and growing drift of Canadians from Ontario and the Maritime Provinces into Manitoba and the new west. It seems pretty clear that this is destined to become the most mixed population of the modern world. The Europeans and "other nationalities" that pass through Mr. Obed Smith's hands tax to the utmost the resources of his interpreters. A great and growing number come from Austro-Hungary, with its numerous races and languages; Russia contributes several thousands per annum, so do the Scandinavian countries; from Germany, Poland, and Italy there is a considerable flow, while handfuls of Syrians, Armenians, Greeks, and Turks, to say nothing of a rapidly increasing number of Russian Jews, find their way in.

When these immigrants reach Winnipeg they have to be sifted, sorted, and dispatched to their proper destination, if they have one. Those who have friends already in the country require advice and assistance in reaching them. Those who have none are taken care of by Mr. Smith, who houses and feeds them until some temporary job can be found for them, or until they can be drafted off to some part of the country where settlements of their fellow-countrymen already exist. Large numbers arrive in penury, often with a wife and young family, raked in from some distant Galician or Hungarian village by some enterprising agent, utterly helpless strangers in this huge, lone land. The detailed personal care required to handle this bewildered mass of raw humanity, mostly drawn straight from some mid-European village life, may be imagined. Many of them must be sheltered on the Government premises for weeks before they can be got upon the land. When, as is more usual, the man comes first, leaving his family to follow later, it is easier to deal with him, for every able-bodied manual worker can get employment, either in the towns or on the railroad or as a temporary hand upon a farm, where he learns something of the country, and can save

money to work a homestead claim on his own account.

Among the European arrivals, everyone agrees in assessing most highly the Scandinavians, and in particular the Icelanders, several thousands of whom are scattered about the north-west, both on the land and in the towns, adapting themselves quickly and successfully to the conditions of their new home, learning the English language, and becoming almost at once good Canadian citizens. Russia has, from the first opening of the north-west, been a large contributor, several thousands of Mennonites from Ekaterinoslav being among the early settlers in the seventies. Since 1898 large settlements of Doukhobors have taken place in these districts, between eight and nine thousand persons occupying altogether no less than 350,000 acres. In spite of two or three outbreaks of religious fanaticism, with naked pilgrimages to find Jesus in the north, these sturdy Russian Protestants are prospering. Joined by their hereditary leader, Mr. Peter Verezin, they have adopted a tolerably complete communism in most of their villages, refusing to take advantage of the homestead law, occupying and working their land in common, and providing for the wants of all the villagers from a general village fund.

The life is otherwise almost wholly self-contained. "They grind the wheat grown by themselves in their own mills; they grind their flax also in their own mills, and press linseed oil. They grow flax for yarn, and spin and weave it into linen. They spin and weave wool into woollen cloth, and as a rule make their own garments, although, when they are working externally, the men buy ready-made clothes. Their threshing machinery, flour and flax mills, and their sawmills, are all driven by steam power." "It is proposed to erect an elevator in anticipation of extensive wheat production, and, perhaps, to connect the villages by telephone and also by a narrow-gauge railway." How far the simple spirit of the village communism brought from Russia will survive in the midst of modern mechanical improvements, and the material prosperity they bring, is a matter for interesting speculation. But, so far, the best authorities agree that, in spite of some refractory behaviour, the Doukhobors have proved "good stuff" for the Canadian north-west.

The same judgment, in general, is passed on the other Europeans from mid-Europe. Practically all these folk are drawn from the agricultural centres of Europe, bringing with them the habit of hard work and of simple living, and, so soon as they are

in a position to work for themselves a homestead grant of 160 acres, and perhaps to purchase a second quarter-section, they become possessed of a prosperity beyond their earlier dreams.

A glance at the table of statistics shows that the foreign-speaking immigration from Europe is considerably outnumbered by two other influxes. During the last three years the flow of British has increased so rapidly that last year it approached the proportion of one-half of the total immigration. Now, regarding this influx, I found the mind of Canadians divided. From a political and sentimental standpoint they were inclined to rejoice that the Briton, who hitherto had neglected Canada for the United States, should now prefer to come and settle under the flag, and help to build up the Empire in Canada. On the other hand, those practically acquainted with the sort of British who enter Canada are less enthusiastic. Though English farmers or farm-labourers are welcomed as a valuable accession to Canadian life, and are able to do well for themselves and for the country, it is sorrowfully recognised that England has not many such to spare.

Scotsmen who come out, whether to settle on the land, or in city industries, which are so largely in their hands, com-

monly do well. But it is idle to shirk the truth—unpalatable as it is—that a very large proportion of English immigrants do not contain the physical, industrial, and moral qualities fitting them for success in a new country, where hard work and a hard life are demanded. It may be doubted whether a majority of the 49,000 (or, at any rate, of the adults among them) who last year entered Canada as settlers are well fitted for settlement in such a country.

It is urgent that politicians and philanthropists, seized with the notion of assisted emigration from Great Britain into the boundless north-west, should try to get some elementary grasp of the facts of the situation. If they would ask, not what is theoretically desirable, but what is practicable, and would study the effects of past experiments along the line of their proposals, they would save much money and some misplaced sentiment. They would, for instance, recognise as a quite certain fact that if a body of Southern Britons be taken either from the slums of cities or from village life and planted at great expense in an excellent patch of wheat land in Alberta some forty or fifty miles from the smallest town, not more than a trifling fraction of these men and their families will stay. Even the

rural labourer of England, able-bodied and capable of standing the climate, will generally drift into the town in preference to earning a better material livelihood upon the land. We have, however, no able-bodied rural labourers to spare in England, and to take a heterogeneous collection of unemployed or discontented people — commercial travellers, clerks, shopmen, even artisans—and put them on the land 200 miles from a railroad station, as was the case with the famous Barr Colony, is manifestly to court failure. Professor Mavor, visiting this colony last summer, "found that many had left it to settle in other parts of the country, and that very few of those who remained had been able to make much progress in establishing themselves, owing to ignorance of the rudiments of agriculture, and to their want of experience of rural conditions."

This judgment, which may be taken as typical, does not signify that no Englishman except a farmer or a farm labourer can succeed as a Canadian settler. On the contrary, I found most experienced men agree that an able-bodied English townsman willing to do hard work, and able to rough it for a while as a helper on a farm, so as to learn something of the country, was often capable of making an excellent farmer either in wheat-growing or ranching.

But the notion that the problem of the unemployed can be solved, or even mitigated appreciably, by assisting men to emigrate who cannot make a living in English town life, the notion of dumping in Canada the "failures" of our economic system, is as foolish from the standpoint of society as it is cruel from that of the individual victims.

All this applies with peculiar force to the young men of the well-to-do classes who, failing to make their way at home in a profession, from idleness or irregularity of life, are encouraged by their friends to remove themselves to a more distant field of action. Not one in ten of this sort will be straightened by Canadian life or stimulated into self-sufficiency; the rest are too feeble-charactered to work out their redemption in the way their friends fondly imagine.

Finally, there is the current of immigration from the United States. Of all the new stock, this is by far the most valuable; for the forty thousand odd farming folk who now yearly come up from Dakota, Minnesota, Iowa, Nebraska, are not only experienced in the same agricultural life, but they bring with them considerable capital, take up larger tracts of land than the European, and work it with all the skill and enterprise with which

American life has endowed them. Not a few are Americans of the older stock, who have sold their farms for good prices, and are moving across the frontier to take up better land bought from the Canadian Pacific Railway or some land company at a few dollars an acre. The average value of the movable property these immigrants bring with them is about 1200 dols. per man, not to mention his bank account; most of them, therefore, settle with every prospect of success.

These men mostly accept Canadian nationality, and are likely to play a most influential part in the political and economic future of the country.

Those who hear for the first time of this American invasion of Canada are sometimes seized with alarm lest it should in process of time cause a gravitation of these North-West Provinces into the political system of the United States. "These American settlers will bring with them their attachment to republican institutions, their love for the star-spangled banner. In case of any future trouble between Canada and the United States they would form a class of 'Copper-heads' (to borrow the old expressive term from the Civil War), or in any case would constitute an element of doubt and division in the councils of the Canadian nation." It is

not unnatural that British visitors, impressed by the glowing and highly vocable patriotism which greets them wherever they travel in the States, should entertain some such suspicions regarding the future political effect of this strong American infusion. There seems, however, no ground for any such alarm. In the first place, most of these American settlers do not belong to the old Anglo-Saxon stock; the bulk of them are recent comers, of the first or second generation, from Europe, in race and habits very much resembling the European immigration from Germany and Scandinavia which is still going on, a little liberated and somewhat elevated in standard of life and modes of agriculture, but easily accommodating themselves in Alberta or Saskatchewan to conditions so very similar to those of Dakota or Nevada which they have left. It is too early to possess reliable statistics regarding the proportion of immigrants from the United States who become Canadian citizens. But there is reason to believe that most of them seek naturalisation, and will become good Canadians without any hankering after the somewhat unsavoury political fleshpots of the country they have quitted. In point of fact, the change of residence and work from a middle-western state of the Union to the Canadian

north-west, whether considered economically, politically, or socially, is not very great, and what change there is must be considered as advantageous. A Canadian province is as effectively democratic and almost as independent for domestic purposes of government as an American State: politics are a little cleaner and taxes (inclusive of tariff) somewhat lighter—that is all.

Canadians everywhere welcome this influx of American farmers, and hope it will continue and increase. For Canada, like most civilised countries old or new, is confronted by the serious problem of a tendency of population to drift more and more into town life. This fact is strikingly illustrated by the result of the 1901 Census, which showed that while the urban population of the Dominion increased during the past decade by more than 30 per cent., the rural population increased by less than 2 per cent. It is a curious fact that the province showing the largest proportion of urban population is British Columbia, where more than half the population are resident in towns.

Though the immigration returns of the last few years are so satisfactory, it must be remembered that Canada has large arrears to make up. For right up to the close of the nineteenth century the dis-

charge of her population into the United States exceeded her total immigration from all sources. So far Canada has had practically to live upon the natural increase of her own stock, and now she is subjected to that new condition manifested among all highly civilised peoples, the lowering of the birth-rate. In spite of the large families of the French peasants in Quebec, the general birth-rate is declining; and so Canada, like the United States, becomes more and more dependent upon the outside world for the most precious of her resources.

CHAPTER XII

CANADA'S DESTINY

MANY of the business men and politicians of Ontario and of Montreal are vociferous "Imperialists," and lend an eager ear to political and economic schemes for unifying the Empire. But it would not be possible to devise, even in general terms, any scheme of Imperial federation to which the most pro-British group of Canadians would assent when they understood what it implied. For, just as they will admit no fiscal Preference which loses them a single dollar of Canadian trade, so they will enter no federal scheme which either abates one jot of the power of self-government they possess already, or shuts them off from any further degree of independence to which they may aspire in the future.

Now any scheme of Imperial federation implies some interference with some powers which Canada exercises now. If she is to enter into a common fiscal or other political engagement, she must yield to her Imperial

partners some liberty which she enjoys at present. Sir Frederick Pollock and Mr. Drage last autumn made a tour of Canada with the object of awakening interest in the scheme of an Imperial Advisory Council—a most guarded and tentative proposal. But, unless I am misinformed, they have received very little encouragement, and, even were certain Imperialists in Toronto and elsewhere disposed to nibble at the notion, when it was materialised they would drop it like a hot cake.

For, either an Imperial Council would be an amiable farce, or it would be a real political body, capable of committing the peoples of the Colonies to some course of action, involving pecuniary and military obligations, and directing, at any rate, their foreign policy. Now, the idea that a democratic country like Canada would hand over any real powers of direction to some Committee of the Privy Council is preposterous.

Among the few who have the leisure or the inclination to think about the political future most would probably prefer that things should stay as they are now. But it is pretty evident that this cannot be. Every visitor to Canada is powerfully impressed by a growing conscious spirit of nationality, which, though not at present feeling any bonds in the Imperial con-

nection, is certain to find expression in demands for even larger liberty than is enjoyed now. There are matters of dignity, of constitutional reform, of economic liberty, and of executive government in which Canada is likely more and more to chafe against the remnants of Imperial control. The following passage from an address of an eminent Canadian Constitutional lawyer will serve to illustrate the sort of restrictions upon national liberty which still remain :—

"If Canada wished to have biennial, instead of triennial, Parliaments, she could not so enact. If she wished to take her census every twelve years, instead of ten, she would be powerless to make the changes. If the Maritime Provinces wished to unite and become one province, they would be advised that it was impossible. If Canada desired to increase the membership of her Senate, or to decrease the qualifications for it, or even to change the quorum of the House of Commons, her power would be found to be inadequate. The right to make her own coins is forbidden by express statute. And such a necessary change of the capital city from Ottawa to Winnipeg cannot be accomplished by the unanimous vote of our Parliament, our Legislatures, and all our peoples. Westminster can do these

things for us. We cannot do them for ourselves."

It is not pretended that these restrictions cause much resentment, but they exemplify a subordination which may at any time generate real grievances. Canada is growing more and more sensitive every year on matters either of her honour or her interest. Both of these she considers to have been sacrificed by the action of the British Government in the Alaskan Arbitration.

Canada practically insists upon all future negotiations affecting her political or commercial interests being managed by herself, or at any rate being submitted for final approval to her Government. "It is important," said Sir W. Laurier, "that we should ask the British Parliament for more extensive treaty powers, so that, if ever we have to deal with matters of a similar nature again, we shall deal with them in our own fashion and according to the best light we have." Canadians even claim that any Anglo-American treaty, affecting, as it must, Canada more vitally than any other part of the Empire, shall be ratified by Canada. They do not clearly realise that such a claim implies the severance of the last bond of Imperial control—direction of foreign policy—but they make it. Canada

is not staying as she was: both in sentiment and in practical policy she is moving along the road towards national independence, either within or outside the Empire. The legislative veto possessed by the Governor-General virtually disappeared some time ago, and though Downing Street occasionally disallows Acts passed at Ottawa, sometimes vexatiously, as in the case of the Canadian Copyright Act, such instances are rarer and more deeply resented when they occur. The executive powers of the Governor-General are scrutinised most jealously, and the recent full assumption of the control of the Militia and the Naval Stations at Halifax and Vancouver illustrates the progress towards independence. Though the impartiality of the Judicial Committee of the Privy Council as a final Judicial Court is never questioned, those who best understand the important part taken by judicial decisions in the development of institutions feel that it is an injury that Canada "should be forced to develop according to the ideas of a body of men out of touch and sympathy with Canadians, instead of being expanded according to the genius and the wishes of Canadians themselves."

This feeling will grow with the growth of the sentiment of nationality. So long as Canada, poor and ill-populated, was

over-shadowed by the strength and prosperity of the great Republic, she leaned on Great Britain. Now, as she feels her rising strength, and looks to a great population and developed industries of her own, she can stand alone. There is no active, conscious desire to weaken the British connection. Indeed, among the British colonists of Ontario there exists a genuine sentimental attachment to the historic England; its institutions, its great men, its literature, are food for pride and admiration; but this would not furnish an effective bulwark against the rush of popular passion aroused by some single high-handed act of the British Government. The new hopes of population and industrial prosperity are not yet finding full expression in politics, but when they do they will make for tolerably rapid changes. If these changes are not met by resistance on the part of Great Britain, Canada is likely to remain a powerful Sister-Kingdom, rather than a Colony, under the British Crown, for some long period of time. This new relation is thus described by Mr. Ewart: — "Canada's Parliament should be as omnipotent as that at Westminster. The King's Canadian Ministers should advise him upon all things Canadian, with the same constitutional authority as British Ministers advise

their Sovereign upon all things British; our own men should decide on our lawsuits, and command our own forces; and our own money should provide for our own defences, and for such mutual aid as we ourselves may approve." In a word, Canada must be the free equal of Great Britain, under the same Crown.

There is no remnant left of the once strong leaning towards annexation to the United States. Not only British Ontario, but French Quebec and cosmopolitan Manitoba, would to-day unanimously and with indignation repudiate the possibility of such a consummation. Dr. Goldwin Smith to-day stands almost alone in urging the inevitability of such a fate for Canada.

At present the movement is towards a Kingdom of Canada under the British Crown.

CHAPTER XIII

THE FUTURE OF CANADA

SINCE the surrender of Free Trade policy by the Liberals of Canada under Sir W. Laurier, no issue of principle divides the political parties of Canada. The struggle over the schools question in the Constitution of the new North-West Provinces which for awhile inflamed the religious and racial cleavages underlying party allegiance has been settled by what seems to be a lasting compromise, Sir W. Laurier winning over the Catholics of Quebec by his personal influence, aided by the good offices of a Papal Envoy, and securing Nova Scotia by the cruder tactics of a railroad bribe.

The compromise is based on the Manitoba plan ; the majority in each district of the new provinces provides and controls the schools and the teaching, with the proviso that the minority in any place may have a separate publicly supported school if numerous enough to find children to attend it.

Remnants of the difference between Liberal and Conservative doubtless survive —the United Empire League, the Ulster Irish, and the great ruling Scottish race in Ontario furnish a stouter type of Imperialism and of Protectionism, and their hereditary hate of Catholicism tinges all their politics. The Americanised French-Canadian, the Irish-American, and the new influx from the United States represent pushful modern democracy. But between them lies the large inert mass of French-Canadians of the old stock, pre-revolutionary in their social as well as their religious notions, still clinging to the obsolescent notion of Canada as a French nation and having little in common with any of the new factors in Canadian nationality. Even Roman Catholics in Canada cannot pull together. The Irish in Montreal have their separate churches and clubs, live in a different quarter from the French, and have very little social intercourse with them.

Provincialism is really the most effective force in politics to-day. Under the forms of the Dominion actual unity is most imperfectly developed. Ontario and Quebec have little sympathy with or understanding of one another, the Maritime Provinces have important economic and political interests of their own, so has

Manitoba, so has British Columbia. Each province, for example, has its own qualifications for the legal and medical professions, refusing to adopt a common system. While nationality is doubtless a growing sentiment, provincialism remains a solid fact.

The example of the United States in lavishing her rich natural resources upon importunate companies and private adventurers has been imitated by Canada. The "cream" of the country has been handed over to the Canadian Pacific Railroad in land grants, some 20,000,000 acres, of which 12,000,000 in the north-west are now offered for sale at prices varying from 3.50 dols. to 10 dols. an acre. The entire land grants to railroads amount to over 30,000,000 acres. Nor are railroads the only beneficiaries. One-twentieth of the entire north-west was assigned to the Hudson Bay Company in extinction of its claims when the Dominion took over the North-West Territories. Most of the rich mining lands, especially coal, have been given away, or sold for a mere song, to a few big capitalists. The best coal lands in Nova Scotia and New Brunswick have gone; the rich deposits of Vancouver Island are chiefly under the control of the Dunsmuirs; the Dominion Coal Company and the Nova Scotia Steel and Coal Com-

pany own virtually the whole of the Sydney coal fields ; the best coal lands in Alberta belong to the C.P.R.

A perhaps still graver menace to the future independence of the Canadian people is the alienation of the valuable water powers which she possesses in such great abundance. In the electric age on which we are entering this water power may become the chief factor in the industrial development of Canada, and its owners may control the destinies of the nation. For lighting, transport, and for certain industrial uses in Canadian cities, water power is already largely used. The province of Quebec has already committed the folly of selling outright, mostly to Americans, her best powers, and though Ontario is now awakening to a wiser state of mind, much has been already lost.

The case of the Ottawa waters, lying between Quebec and Ontario, is typical : a few great pulp-mills, electric power, and street railroad companies have secured by free charters virtually the whole water power, so much so that even the city waterworks are in danger of being denuded of their pumping power by dams and channels made by these companies. The forests of Canada are, of course, one of her greatest assets. In Quebec alone the public forest domain extends over 74,000,000 acres.

Nevertheless, concessions of valuable forest lands, amounting to several thousands of square miles, are held by great firms, who buy up huge tracts with the same avidity which English landlords displayed in the " good old days " of the Corn Laws.

This widespread reckless alienation of lands, mines, forests, and water powers has virtually handed over the control of the future of Canada to a group of economic potentates similar to those who to-day rule the destinies of the great American Republic. The same triangle of capitalist forces is seen—railroads, financial companies, industrial trusts—and the greatest of these is the railroads. It requires little study of the map of Canada to perceive that the railroad is there a more potent ruler than in any other country of the world. The whole of Canada to-day is a thin trickle of population and of industry along a long-drawn-out railroad. The Canadian Pacific Railroad is by far the greatest institution in the country. It is rightly known as " the government on wheels." In one sense it deserves the power it wields. Its investors had the courage and the faith to stake their money on the future of the country at a time when the Government quailed before the risk and the expense. For this lack of courage and of faith the people of Canada

will pay a heavy price—the price of their economic liberty.

The C.P.R. is not merely the only road from east to west, but it is by far the richest landowner in the country. It advertises for sale "12,000,000 acres of choice lands in Manitoba, Assiniboia, Saskatchewan, and Alberta"; the chief telegraphic system of Canada is its property, so is the carrying trade of the Dominion Express Company; its fleets of steamers across the Atlantic ply between Montreal and Liverpool, while their fast service on the Pacific forms the shortest and best route for Japan and China, another line connecting with Australia; they own a score of the finest hotels in Canada. In order to live conveniently in Canada you must continually buy permissions from the C.P.R.

At present the C.P.R. is an amiable despot; its interests dictate a certain generosity; it must facilitate and encourage immigration, settlement, and industrial development. Not until the major part of its lands are sold, and thriving cities have sprung up along its lines, involving a great carrying trade, will the real menace of the greatest railroad monopoly in the world emerge. It is true that by that time there will be other transcontinental roads, the Grand Trunk

(which, though failing to extort the huge land grants given to its precursor, has entrenched itself behind immensely valuable public subsidies), and possibly two other companies. But even if these systems remain separate as financial units, their competition, save at certain points, must remain utterly ineffective.

The owners and controllers of these railroads will be the masters of Canada; the real government of the country, so far as the prime welfare of the people is concerned, will be theirs; whenever they need the assistance of the State instruments these will be at their disposal. Has the people any real security that the interests of profit-seeking railroads shall continue to be the interests of the great mass of working and consuming citizens, that any sufficient "natural harmony" exists between the production of railroad dividends and the progress of the welfare of a nation?

PART II

CANADA'S FISCAL FUTURE

In considering the probable future commercial policy of Canada as guided by intelligent self-interest, it is well to begin by a statement of the actual course of her external trade with the two nations, Great Britain and the United States, which between them absorb more than four-fifths of her import trade, and nearly nine-tenths of her export trade.

The following tables from the Report [1] of the Department of Trade and Commerce, Ottawa, give the percentages of the value of Canadian imports and exports to and from Great Britain and the United States, beginning with 1868, the year following the abrogation of the Reciprocity Treaty between Canada and the United States. In the case of the import trade into Canada, the proportions of dutiable and free goods are likewise given.

Now, confining our attention first to the period antecedent to the Preferential treatment accorded to British imports,

[1] Monthly Report, June 1905.

Percentages of Exports to						Years.
Great Britain.			United States.			
Home Produce to Total Home Produce.	Foreign Produce to Total Foreign Produce.	Total Exports, Great Britain to Total Exports.	Home Produce to Total Home Produce.	Foreign Produce to Total Foreign Produce.	Total Exports, United States to Total Exports.	
p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	
39.31			49.15			1868
41.53			47.92			1869
40.14	†	†	48.85	†	†	1870
39.38			48.41			1871
40.07			47.63			1872
42.87	77.15	46.77	45.62	16.13	42.27	1873
48.38	85.78	53.08	41.09	11.15	37.33	1874
50.67	81.02	53.57	38.05	14.29	35.78	1875
49.21	87.12	52.76	39.29	9.03	36.45	1876
53.88	84.87	56.90	33.64	10.66	31.40	1877
54.55	90.07	59.70	33.66	6.44	29.71	1878
48.91	82.26	52.98	38.52	12.05	35.29	1879
50.22	80.10	54.97	38.18	15.43	34.56	1880
52.69	83.06	56.99	38.32	13.93	34.86	1881
44.21	71.53	46.35	46.29	23.43	44.51	1882
46.90	76.63	49.99	42.82	17.00	40.15	1883
48.50	67.36	50.54	41.09	24.75	9.24	1884
47.88	66.74	49.69	42.81	26.79	41.27	1885
48.94	65.15	50.40	42.01	30.17	40.94	1886
49.65	68.50	51.51	41.39	27.89	40.06	1887
42.97	73.11	46.02	47.67	24.38	45.31	1888
43.39	66.06	45.27	47.21	29.41	45.73	1889
50.40	75.72	52.91	40.43	20.65	38.47	1890
50.42	68.61	52.12	40.61	27.85	39.43	1891
57.42	75.80	59.65	32.73	19.15	31.09	1892
57.26	63.41	57.76	33.15	27.88	32.73	1893
60.53	64.73	60.96	29.13	11.89	27.31	1894
58.18	60.96	58.35	32.46	28.69	32.22	1895
58.95	60.11	59.02	32.39	29.67	32.23	1896
58.09	71.07	59.17	33.19	20.47	32.13	1897
66.51	79.66	67.78	24.56	13.96	23.53	1898
64.09	79.76	65.92	26.18	10.25	24.32	1899
59.06	78.32	60.60	32.13	13.78	30.66	1900
52.33	73.03	54.15	38.32	14.19	36.20	1901
55.78	57.13	55.87	33.95	21.47	33.13	1902
58.39	55.43	58.25	31.60	31.80	31.61	1903
55.50	59.10	55.71	33.70	30.50	33.50	1904
50.89	45.62	50.61	36.90	48.38	37.51	‡1905

† Figures not available. ‡ Unrevised.

Percentages of Imports from						Years.
Great Britain.			United States.			
Dutiable to Total Dutiable.	Free to Total Free.	Total Imports G. Britain to Total Imports.	Dutiable to Total Dutiable.	Free to Total Free.	Total Imports U. States to Total Imports.	
p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	
64.78	39.82	56.06	22.93	53.96	33.77	1868
69.35	31.75	56.20	18.97	62.04	34.03	1869
66.52	34.50	56.10	19.27	59.69	32.43	1870
66.25	35.99	57.58	23.43	54.31	32.28	1871
70.59	38.20	59.27	19.43	55.81	32.14	1872
66.63	38.55	54.61	23.42	53.47	36.29	1873
62.69	29.03	49.87	27.67	65.19	41.97	1874
62.64	28.16	51.11	28.55	67.78	41.66	1875
53.76	25.08	43.75	35.41	70.53	47.67	1876
54.03	19.31	41.78	38.59	77.88	52.45	1877
53.76	16.69	41.21	39.25	80.13	53.10	1878
48.84	16.72	39.34	42.95	78.91	53.57	1879
51.74	36.43	48.30	36.11	54.88	40.33	1880
50.06	37.23	47.39	35.78	56.74	40.15	1881
48.34	35.04	45.30	38.41	55.58	42.33	1882
44.47	36.16	42.40	42.20	54.48	45.25	1883
41.02	35.03	39.56	44.74	53.88	46.97	1884
41.90	35.22	40.12	42.62	54.12	45.68	1885
43.00	34.13	40.66	41.97	51.94	44.60	1886
45.78	33.25	42.56	39.13	52.71	42.61	1887
44.29	26.81	38.90	38.90	62.34	46.13	1888
43.26	28.97	38.73	38.91	60.79	45.86	1889
43.15	28.95	38.75	39.65	60.13	45.99	1890
42.19	28.57	37.67	39.97	60.12	46.65	1891
44.58	22.24	35.66	42.66	48.34	44.90	1892
45.61	23.53	36.92	40.88	52.49	45.44	1893
43.79	20.61	33.96	41.13	53.84	46.52	1894
39.81	18.39	30.85	44.05	57.79	49.84	1895
36.24	22.19	31.15	43.28	64.07	50.80	1896
30.53	22.73	27.58	46.03	65.69	53.48	1897
30.23	18.35	25.36	51.00	71.13	59.24	1898
30.77	15.70	24.72	49.73	73.43	59.24	1899
30.25	18.66	25.66	51.65	70.69	59.17	1900
29.92	15.50	24.10	50.58	74.66	60.30	1901
29.54	17.94	24.95	50.72	70.11	58.40	1902
30.85	18.84	26.15	50.10	68.46	57.29	1903
30.18	17.73	25.34	52.07	69.14	58.71	1904
29.87	15.14	23.98	52.21	73.13	60.58	‡1905

‡ Unrevised.

the period 1868 to 1897, we perceive in the Canadian import trade a large and tolerably regular decline in the percentage of British imports throughout the period, and a corresponding increase in the percentage of American imports. Whereas Great Britain began the period with 56.06 and ended it with 27.58, the United States began with 33.77 and ended with 53.48.

Interpreted in dollars, these percentages imply a diminution in value of British trade from 37,617,325 dols. in 1868, to 29,401,188 dols. in 1897, and an increase in value of American trade from 22,660,132 dols. in 1868 to 57,023,342 dols. in 1897.

In April 1897 a Preference amounting to a reduction of 12½ per cent. on tariff rates was accorded to Great Britain, taking effect in the fiscal year 1898: this percentage was increased to 25 per cent. in August 1898, and to 33⅓ in July 1900. A partial withdrawal of the Preference on certain textile goods took effect in 1905, as a result of changes in the Budget of 1904.

In considering the general effect of the Preference as influencing proportions of imports of British goods, we must take 1898 as the first year of its operation, and 1900 as exhibiting the beginning of its full influence.

A close comparison of the percentages

of British and American import trade from the last year before Preference, 1897, to 1905, should enable us to form some *primâ facie* estimate of the value of the Preference to British trade.

	British.			American.		
	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.
1897 . .	30.53	22.73	27.58	46.03	65.69	53.48
1898 . .	30.23	18.35	25.36	51.00	71.13	59.24
1899 . .	30.77	15.70	24.72	49.73	73.43	59.24
1900 . .	30.25	18.66	25.66	51.65	70.69	59.17
1901 . .	29.92	15.50	24.10	50.58	74.66	60.30
1902 . .	29.54	17.94	24.95	50.72	70.11	55.40
1903 . .	30.85	18.84	26.15	50.10	68.46	57.29
1904 . .	30.18	17.73	25.34	52.07	69.14	58.71
1905 . .	29.87	15.14	23.98	52.21	73.13	60.58

From this table it is evident—

1. That the Canadian Preference has not stopped the decline in percentage of total British imports, though it may have caused the abatement in the pace of the decline which has taken place.

2. That the Preference has checked to some considerable extent the pace of decline in importation of dutiable British goods.

3. That during the operation of the Preference American total imports show as large a growth as during the nine years prior to 1897, and that the same

is true of the dutiable imports exposed to competition of British goods with a Preference.

Notwithstanding the Preference, dutiable goods from Great Britain into Canada are declining in the proportion they bear to the total of dutiable imports, standing in 1905 at the lowest percentage ever reached, viz. 29.87 per cent. Dutiable goods from the United States into Canada are increasing during this same period, standing in 1905 at the highest percentage ever reached, viz. 52.21 per cent.

During this same period, 1897–1905, the percentage of exports from Canada to Great Britain fell from 59.17 in 1897 to 50.61 in 1905, a fall still more remarkable in view of the fact that from the earliest year of record, 1873, there had been a general tendency to a rise. The proportion of exports to Great Britain is seen to be lower in 1905 than for any year since 1899. On the other hand, Canadian exports to the United States, which had been steadily falling in percentage since 1889, have effected a conspicuous recovery during the last few years, attaining in 1905 the highest figure since 1891.

The general course of Canadian trade is thus seen to flow ever more strongly towards the United States, in spite of

the Preferential tariff rate on imports from Great Britain, and the development of a railroad and other policy favourable to increased export trade with Great Britain.

Dutiable goods in which Great Britain cannot compete with U.S.A. and in regard to which no Preference can materially assist us to compete, are the following :—

Animals, baking powder, breadstuffs, bricks, tiles, etc., brooms, carts and carriages, coal, coffee, fertilisers, fish products, fruits (fresh), grease, marble, oils, provisions, seeds, sugar molasses, turpentine, vegetables, wood and wooden manufactures. In nearly all these cases the United States has virtually a monopoly of the import trade, the articles either being raw materials or manufactures in which the supply of raw materials forms the chief factor in the value.

But in addition to these, there remains a considerable class of imports in which the special needs or tastes of Canadian consumers can only be met by products from the United States, or in which the proximity of the latter, or the special development of certain industries, has virtually secured for her trade a monopoly too strong to be materially affected by a Preference in the tariff. Such articles are books, prints, etc., electrical apparatus,

clocks and watches, jewellery, mineral waters, packages, and certain kinds of agricultural and other machinery and tools. Some slight diversion of this trade from the United States to Great Britain might be effected by an extension of the Preference, but the existing Preference appears to exercise no appreciable influence.

The writer of a careful article published in the *Times* (Oct. 1905) named the following group of dutiable manufactures, in which other countries (in almost every instance the United States) have made greater progress than Great Britain in spite of the Preference. Silks, gloves and mitts, perfumery, brass and copper goods, electrical apparatus, optical, photographical, and mathematical instruments, clocks, musical instruments, paints, colours, varnishes, aerated and mineral waters.

Reserving the great textile and metal manufactures for separate analysis, we may next turn to a miscellaneous group of manufactured goods in which Great Britain competes with U.S.A. in the Canadian trade—for instance, earthenware, furs, skins and manufactures, glass, gutta percha, etc., hats, leather trades, paper.

The following is the course of these trades as between Great Britain, United States, and other countries, from 1897 onwards, expressed in values.

EARTHENWARE AND CHINA.

	G.B.	U.S.A.	Others.
	$	$	$
1897	386,780	62,662	146,380
1898	454,062	77,059	144,753
1899	577,290	136,256	203,181
1900	563,931	188,495	207,100
1901	687,158	161,805	265,714
1902	723,557	242,055	309,481
1903	806,140	258,767	341,703
1904	961,806	235,857	413,693
1905	960,317	243,776	432,121

FURS, SKINS, AND MANUFACTURES.

	G.B.	U.S.A.	Others.
	$	$	$
1897	185,724	38,516	172,258
1898	185,038	56,951	199,386
1899	275,130	99,357	311,284
1900	260,739	109,787	388,699
1901	378,331	148,691	438,369
1902	341,802	178,579	540,140
1903	326,252	228,668	493,958
1904	340,072	247,157	408,493
1905	444,921	324,953	535,326

GLASS AND MANUFACTURES.

	G.B.	U.S.A.	Others.
	$	$	$
1897	187,888	433,729	518,147
1898	228,643	363,523	432,540
1899	289,049	484,210	569,799
1900	367,115	535,735	755,844
1901	352,204	538,692	684,723
1902	387,883	526,134	1,024,791
1903	461,235	591,256	1,031,960
1904	506,759	589,072	887,950
1905	510,005	576,730	839,869

GUTTA PERCHA, ETC.

	G.B.	U.S.A.	Others.
	$	$	$
1897	90,274	207,273	20,428
1898	127,034	255,435	20,762
1899	120,681	355,951	15,497
1900	116,840	399,738	19,493
1901	155,445	432,649	21,797
1902	217,477	521,963	31,986
1903	393,321	571,687	25,054
1904	361,666	606,756	25,740
1905	174,281	616,435	26,071

DRUGS, DYES, CHEMICALS.

	G.B.	U.S.A.	Others.
	$	$	$
1897	228,350	553,990	343,380
1898	300,548	616,294	381,985
1899	415,155	757,240	356,337
1900	551,908	771,119	260,030
1901	714,336	765,109	356,152
1902	560,397	772,875	469,007
1903	672,817	876,333	331,562
1904	601,091	958,206	455,727
1905	717,776	936,929	417,539

HATS, CAPS, ETC.

	G.B.	U.S.A.	Others.
	$	$	$
1897	694,342	479,438	17,624
1898	730,706	651,281	20,534
1899	794,338	702,687	17,384
1900	878,891	736,106	22,425
1901	893,501	738,708	29,554
1902	844,290	858,964	27,469
1903	733,909	1,032,910	38,764
1904	951,492	1,189,181	42,501
1905	1,022,502	1,138,694	60,465

Leather and Manufactures.

	G.B.	U.S.A.	Others.
	$	$	$
1897 . . .	101,246	1,193,730	82,569
1898 . . .	146,494	1,447,396	64,387
1899 . . .	200,794	1,431,149	63,168
1900 . . .	222,564	1,610,096	46,679
1901 . . .	207,788	1,450,889	69,372
1902 . . .	261,231	1,468,882	80,198
1903 . . .	319,702	1,529,043	64,057
1904 . . .	368,717	1,742,156	93,127
1905 . . .	407,717	2,145,261	89,459

Paper and Manufactures.

	G.B.	U.S.A.	Others.
	$	$	$
1897 . . .	229,368	686,172	86,318
1898 . . .	230,345	822,983	82,576
1899 . . .	248,745	911,876	102,723
1900 . . .	259,762	1,042,504	105,235
1901 . . .	382,018	1,320,869	101,037
1902 . . .	361,692	1,471,779	112,315
1903 . . .	403,127	1,564,808	142,429
1904 . . .	503,143	1,953,132	159,758
1905 . . .	569,799	2,195,646	185,913

Of the trades in this group, three—glass, leather, drugs and chemicals—show a rate of increase for British trade faster than for American; in the others the United States has made a far larger relative advance. Let us now turn to the main branches of the textile and metal trades.

Cotton and Manufactures.

	G.B.	U.S.A.	Others.
	$	$	$
1897	2,693,114	1,119,147	239,100
1898	3,086,068	1,332,533	292,193
1899	3,906,676	1,679,428	398,084
1900	4,474,687	1,509,312	522,570
1901	4,869 909	1,463,686	584,347
1902	5,108,513	1,608,369	734,877
1903	5,539,129	1,760,695	819,902
1904	6,016,783	1,827,438	704,757
1905	5,780,041	1,862,784	707,836

Flax and Manufactures.

	G.B.	U.S.A.	Others.
	$	$	$
1897	1,159,126	58,597	49,750
1898	1,280,829	55,321	76,186
1899	1,610,210	69,395	74,958
1900	1,660,270	63,348	107,269
1901	1,749,294	74,864	90,912
1902	1,783,730	84,265	113,876
1903	1,925,381	98,835	161,226
1904	2,160,410	81,210	175,620
1905	2,112,093	98,048	297,362

Silk and Manufactures.

	G.B.	U.S.A.	Others.
	$	$	$
1897	1,044,292	112,223	329,553
1898	1,231,154	152,700	616,673
1899	1,566,380	211,221	1,154,950
1900	1,795,011	231,672	1,158,686
1901	1,730,920	221,598	1,156,308
1902	1,946,708	206,330	1,277,150
1903	1,970,205	213,275	1,609,634
1904	1,788,046	203,775	1,723,216
1905	2,018,518	294,871	2,066,012

Wool and Manufactures.

	G.B.	U.S.A.	Others.
	$	$	$
1897 . . .	5,576,859	218,396	1,330,493
1898 . . .	6,221,836	252,242	1,511,788
1899 . . .	7,686,366	428,631	1,688,206
1900 . . .	7,787,929	359,986	1,653,650
1901 . . .	8,061,459	370,453	1,512,193
1902 . . .	8,860,393	354,598	1,731,865
1903 . . .	11,105,487	394,379	2,061,549
1904 . . .	12,707,715	491,328	1,920,340
1905 . . .	13,137,525	519,948	1,915,438

In setting out the statistics for the metal trades we will take first the most general table for all metals and their manufactures, then the table for iron and steel, which compose more than nine-tenths of the whole trade, and finally trace, so far as the official figures allow, the chief machine trades.

Metal and Manufactures.

	G.B.	U.S.A.	Others.
	$	$	$
1897 . . .	2,102,530	7,588,096	462,318
1898 . . .	2,230,567	12,006,521	446,336
1899 . . .	2,748,187	14,706,314	514,424
1900 . . .	4,705,470	19,443,423	662,867
1901 . . .	2,965,153	17,768,502	598,371
1902 . . .	5,124,011	19,913,810	1,704,756
1903 . . .	7,739,373	23,582,528	2,608,661
1904 . . .	6,750,503	26,576,274	2,128,119
1905 . . .	6,273,171	27,273,171	1,415,061

Iron and Steel and Manufactures.

	G.B.	U.S.A.	Others.
	$	$	$
1897 . . .	1,848,937	6,580,029	352,497
1898 . . .	1,924,763	10,653,373	323,338
1899 . . .	2,335,821	13,173,175	369,708
1900 . . .	4,304,869	17,663,325	505,575
1901 . . .	2,617,124	16,054,867	421,101
1902 . . .	4,754,860	18,066,592	1,512,840
1903 . . .	7,348,621	21,375,077	2,403,940
1904 . . .	6,227,973	24,252,940	1,913,153
1905 . . .	5,437,435	24,849,709	1,177,100

Though the Statistical Reports for Canada do not afford the opportunity of a full comparison in various classes of metals for the complete period 1897–1905, the following figures of values during the years 1903–1905 will serve to indicate the proportion of the trade in the hands of Great Britain and the United States.

Agricultural Implements.

	G.B.	U.S.A.	Others.
	$	$	$
1903 . . .	23,570	3,147,468	779
1904 . . .	23,186	*2,615,211	953
1905 . .	21,259	1,571,056	986

* The Harvester Trust here began to put the products of its Canadian works on the home market.

IRON OR STEEL SHEETS, ETC.

	G.B.	U.S.A.	Others.
	$	$	$
1903 . . .	1,727,877	441,365	28,303
1904 . . .	1,397,010	507,535	29,885
1905 . . .	1,518,116	710,898	22,748

MACHINERY AND MACHINES.

	G.B.	U.S.A.	Others.
	$	$	$
1903 . . .	295,595	5,821,173	56,195
1904 . . .	339,739	6,885,752	105,577
1905 . . .	354,406	5,768,677	165,407

TOOLS AND IMPLEMENTS.

	G.B.	U.S.A.	Others.
	$	$	$
1903 . . .	70,526	1,016,041	54,566
1904 . . .	62,220	1,109,780	66,043
1905 . . .	64,898	1,085,975	50,925

STEEL RAILS (imported free).

	G.B.	U.S.A.	Others.
	$	$	$
1903 . . .	1,861,780	1,470,787	923,497
1904 . . .	1,830,834	1,261,480	1,237,049
1905 . . .	461,339	4,517,486	72,937

Now, taking the textile groups, we find that, while the increase in the absolute values of our cotton and woollen imports into Canada has been very large, the pace of growth in the woollen trade is not greater than that of the United States, while it is considerably smaller than that of other countries ; while in cotton, though British trade grows considerably faster than American, it also is outstripped by that of other countries. In the two smaller manufactures, flax and silk, the comparison is still more favourable to America, for in the former she shows a proportionate increase as large, in the latter much larger, than that of Great Britain : in each case the trade of other countries advances at a far faster pace than either.

But while the Preference has not prevented American and other foreign textiles from keeping full pace with British trade in textiles, some of the actually large growth in the value of British cotton and woollen imports may reasonably be imputed to the Preferences, supplemented as regards comparison with "other countries" by the sur-tax on German goods which took effect in 1904.

When we turn to the still larger import trade in metals we find that the American not only possesses a predominance larger than that possessed by Great Britain

in the textiles, but that the growth of her general trade in metals since the Preference has been actually more rapid than that of Great Britain. Roughly speaking, since 1897 the United States have increased their trade nearly four-fold as compared with a British growth of three-fold. Nor are the statistics of other countries less significant. Prior to the sur-tax on Germany the growth of metal imports from "other countries" was far faster than that of Great Britain in its proportion. The figures for 1905 in particular make it evident that the United States maintain in the staple branches of the metal trades an advantage over Great Britain as great as that which the latter possesses in the volume of her woollen trade.

The nature of this advantage appears by reference to the specific classes of metals. In agricultural machinery, general machinery, tools and implements, the trade of Great Britain is trivial as compared with that of the United States, and the latest figures indicate that the latter can out-compete Great Britain in steel rails for delivery in Canada.

If therefore we take rate of growth in the value of the several trades as a test or indication of the efficacy of the Preference, we are driven to conclude that its efficacy is confined to a few trades of the

second rank, viz. leather, glass, drugs and chemicals, supplemented by a few others of the third rank, in which are included certain subordinate branches of textile trades (such as curtains, carpets, and cordage), jams and pickles.

So far as the great textile and metal trades are concerned, the growth of the main woollen manufactures has evidently been stimulated by the Preference, but the other textile trades and the metal trades, individually and in the aggregate, have shown no power to hold their own against the growing competition either of the United States or of the continental European countries.

So far as the trade of the United States in the staple textile and metal trades is concerned, the inefficacy of the existing or an increased Preference is pretty evident. The entire value of textile imports (dutiable) for the United States does not exceed $3\frac{1}{2}$ million dollars, while their rapidly advancing metal trade is worth $27\frac{1}{4}$ million dollars. But while Preference appears to have some influence in determining the former in our favour, it seems impotent to affect the course of the latter and much more profitable trade. The advantage of the Preference is easily offset by the proximity of the United States, with its greater facilities in

securing orders, in executing them cheaply and quickly, and its cheapness of carriage.

It may indeed be suggested that an increased Preference, which is favoured in some Canadian quarters, would throw the balance of advantage, not only in the metal trades but in certain other American trades, so heavily on the side of the Mother Country as to secure for her a large proportion of those imports now taken from the United States.

When we confine our attention to the general figures of Canadian import trade, and mark how out of the 252 million dollars' worth of imports into Canada Great Britain contributes only 60¼ millions, it appears as if a favouring arrangement with Canada might be of immense service.

But the closer we analyse the general figures the more the possible gain from such a source is seen to dwindle.

In the first place, it is perceived that a far larger proportion of American and of other foreign imports into Canada consists of non-dutiable goods, as indicated by the returns for 1905.

	Dutiable.	Free.
	$	$
Great Britain . . .	45,085,408	15,243,182
U.S.A.	78,797,440	83,941,131
Others	27,031,820	11,812,454

Non-dutiable goods are of course unaffected by the Preference.

Of dutiable goods from the United States we have seen that a very large proportion consists of foodstuffs, raw materials of manufacture, and of certain wood and certain special manufactures in which we do not and cannot seriously compete with the United States.

Such, for instance, are—

	Value of Dutiable Imports, 1905.
Animals	$1,037,277
Books, periodicals	1,224,218
Breadstuffs	2,466,831
Carriages and carts	1,463,214
Coal, coke, etc.	8,271,850
Fish and products	537,955
Fruits	2,404,545
Hardware (builders')	587,405
Tools and implements	1,085,975
Mineral oils	1,041,825
Provisions	1,440,774
Seeds, etc.	417,632
Turpentine, spirits of	456,443
Vegetables	804,208
Wood and manufactures	2,251,091
	$25,491,243

If we knock off these virtually non-competitive imports the American trade remaining open for our competition amounts to 53,000,000 dols. More than half of this, as we have seen, consists of metals in which the United States possess advantages which are not appreciably affected by the existing Preference, and the bulk

of which we could not secure by any amount of Preference short of exclusion. Many other classes of articles are so intimately related to specialised American needs and tastes as to be virtually *hors de concours*.

The most liberal computation of the existing American trade which could be directed into British channels by increased Preference would not exceed 30,000,000 dols. The entire value of the "boon" which Canada can offer us by diverting to our shores this trade and the portion of her other dutiable foreign trade which lies within our power of supply, cannot be estimated at more than the profits upon £6,000,000, or, taking 10 per cent. as the margin of profit, a net sum of £600,000 per annum.

Even this gain, however, is based on the assumption that Canada is going to abstain from further development of her own manufactures, and will continue to import the sort of goods that British manufacturers are able to supply.

If, on the contrary, Canada looks not merely to a natural development of her own manufactures with her own or imported materials and her own power, but intends to quicken this process by a rising tariff system, it is quite evident that what she seems to give to Great Britain with

one hand will be taken away with the other. In the history of the rise of modern tariffs it is everywhere seen that the well-developed and strongly organised branches of the staple manufactures, especially in the textile and metal trades, secure the lion's share of Protection, and that the tariff policies are moulded in their interests to secure for them a virtual monopoly of the domestic market.

What is true of European countries and of the United States is also true of Canada, which appears to have committed herself quite definitely to a Protective career. The inherent antagonism between Protection and Preference has already shown itself. The trade in which British imports have made the greatest advance in actual volume, and in which the Preference has been generally regarded as most effectual, is the woollen. What happened may best be stated in the words of the Hon. W. S. Fielding in his Budget speech, June 1904 :—

"The complaint is made very largely by our woollen manufacturers, and by various public men who sympathise with them, that, although on the better grades of goods they can fairly compete with all persons, even the British manufacturers, a very large proportion of the imports of British woollen goods coming into Canada is really shoddy, goods of an inferior

character, against which we ought to legislate ; and it is alleged that any increase which we might make in the woollen duties would have the effect of shutting out, not the pure woollen goods, but the shoddy goods.—We propose to deal with the matter in this way. Our present duty on the class of goods which I may describe as cloths, tweeds, overcoatings, wearing apparel, and goods of that character, is 35 per cent., subject to the Preference,which brings the duty on British goods down to $23\frac{1}{3}$ per cent. We do not propose to increase the general tariff, but *we propose to put a limit to the extent to which the Preference shall apply to these goods.* We propose to fix a minimum tariff of 30 per cent. on this class of goods coming in under the Preferential tariff."

The same treatment is accorded to twine and cordage subject to a 25 per cent. tariff which the British Preference brought down to $16\frac{2}{3}$ per cent.

" This," says Mr. Fielding, " is a lower rate of duty than even the most moderate tariff man usually is willing to impose, and we propose to fix a minimum duty, of 20 per cent. *ad valorem* on that class of goods coming in under the British Preference."

Thus we perceive that the Canadian woollen trade, finding that it is " suffering

severely from (British) competition," induces the Canadian Government to a practical withdrawal of the Preference. The special plea with reference to "shoddy goods" may be dismissed as irrelevant, for in the reduction of the Preference from $33\frac{1}{3}$ to 5 per cent. no attempt is made to discriminate inferior from superior goods. Nor is it in fact true that the British competition which pressed most severely on Canadian producers was confined to shoddy goods. British woollens have taken the best as well as the worst trade in the Canadian market.

It is quite evident that the withdrawal of the bulk of the Preference on these woollen goods, as also admittedly in the case of twine and cordage, is simply based upon the doctrine that Canadian manufactures must be adequately protected against British imports.

Although the recent investigations of the Tariff Commission in Canada have exhibited a strong Free Trade feeling among the farmers, while the revelations of abuses of power by tariff-created trusts and combines have brought some temporary discredit upon the Protective scheme of the Manufacturers' Association, it is likely that the superior organisation of the protected manufactures will secure for them a predominance in fiscal policy similar

to that held by the great manufacturing interests in the United States.

Their position is quite clearly defined. They have no objection to the Canadian consumer paying to British manufacturers a slightly higher price for goods which could be bought cheaper from the United States or Germany so long as these goods cannot be supplied by Canadian makers. They favour the maintenance of a Preferential tariff on such goods. If, however, the manufactured goods in question, though not competing with Canadian goods, should form an important cost of production in some Canadian manufacture, they will not be willing to maintain a Preference which keeps up this cost. Still less will they consent to admit British goods which compete with their own products. Here, of course, comes the tug of war between the Protective motive and the revenue motive. The Government is continually disposed to let in competitive goods at a moderate tariff designed for revenue purposes : the manufacturing interests continually strive to raise the tariff to the point of prohibition so as to exclude all competition.

Now, as we have seen, Great Britain can supply very few classes of goods which lie outside the present or prospective range of Canadian production. Canada's

present ambition is to become, like the United States, as far as possible a self-sufficing economic State, and whatever may be the size of the immediate concessions to British exports there is no probability that such a policy can last, still less that it can grow and form a stable element in any Imperial arrangement.

Canada has within her borders all the chief natural sources of supply required for a full manufacturing career, and the energetic development of this career will be the first concern of those capitalists who appear likely here, as in the United States, to control in all essential matters the fiscal policy of the nation.

The quite genuine desire of the body of the Canadian people to cultivate strong commercial relations with Great Britain must be thwarted by the inevitable pressure of concrete interests tending, first to release Canada from her present dependence upon the Mother Country for large classes of manufactured goods, secondly to impel Canada to closer commercial relations with the United States. The former pressure has been sufficiently explained; the latter, though less fully evident, is quite as certain in its operation.

The political and sentimental hostility which, following the dissolution of the Reciprocity Treaty in 1866, has been fed

by various incidents within the last forty years, already shows signs of yielding to the plain dictates of common sense.

There are two reasons why Canada and the United States must draw into ever closer commercial relations. Each has to sell many commodities the other wants to buy. This of course is in a sense true also of England and Canada, so far as the buying of individual consumers is concerned. But Canadians have large supplies of raw materials which American manufacturers want to buy and will want with an increasing pressure of desire : Americans have other raw materials, or the same raw materials at other points along the frontier, which Canadian manufacturers and railroads want to buy. While the interests of unrelated unorganised consumers may be ignored, not so those of organised producers, factory owners who want coal or grain or lumber. All four populated and developed districts along the Canadian frontier adjoin States of the Republic which, from paucity of natural resources or from growth of population, cannot supply themselves with all the foods and materials they require : strong capitalist businesses see a clear gain in freedom of exchange for such materials. In Illinois and other middle-western States, still more strongly in Massachusetts and

other New England States, is this pressure growing. Thwarted at present by a combination of political circumstances, it bides its time to force forward on the American side proposals of reciprocity which Canada cannot and will not reject, and which, once put into force, will grow into an ever stronger economic bond between the two great American nations.

It is idle to ignore the fact that this policy must cut across and even reverse the present Preferential policy. Canada will of course not secure that great neighbouring market which will be so profitable for her unless she gives the manufactures of the United States at least an equal chance with those of Great Britain.

Again, this *rapprochement* will be accelerated by the community of capitalist interests in the two American nations. The Canadian tariff has probably not drawn into Canada any more American capital than would otherwise have entered, but it has caused American capital to flow almost exclusively into strongly organised enterprises. The invasion of Canada by the great American corporations, such as the Harvester Company, the American Locomotive Works, the Singer Manufacturing Co., the Rand Drill Company, and quite recently by the Steel Trust, implies a great growing consolidation of

capitalist interests which cannot fail to exert an influence upon fiscal policy on both sides of the line. It pays the Harvester Trust and other trusts to set up works inside Canada rather than to manufacture for the Canadian market machines upon which they must pay a large import duty. But the larger the Canadian market becomes, and the greater the stake they hold in that country, the more irksome and wasteful will the double interference of two sets of tariffs, cutting the economic unity of their business in two, appear to them. No single force makes so obviously for the economic unity of the two countries as this.

Community of interests between two nations of consumers making for reciprocity and Free Trade is politically feeble as compared with this growing community of capitalist interests.

Printed by
MORRISON & GIBB LIMITED
Edinburgh