

CAN WE COERCE CANADA ?

BY ERASTUS WIMAN.

A CONDITION of commercial belligerency exists along the entire northern border of the United States. The extent of this borderline, four thousand miles in length, and the fact that beyond it lies the greater half of the continent, impart to this condition of hostility an importance which makes the question of its abatement second to nothing else now before the American public. Along this unequalled line of demarcation, which runs athwart the continent some degrees to the south of its centre, the vast commerce of the United States breaks like a huge wave, and rolls back upon itself. Beyond it lies a region larger, richer, and more susceptible of development for the good of mankind than any other region on the earth's surface. It is far more attractive as a field for opportunity to the American people, far nearer, and likely to be more contributory to their profit and greatness, than is the continent of Africa, which England and Germany now carve in two for the purposes of trade. Its possibilities of commerce vastly exceed those of the distant southern nationalities to whom Mr. Blaine has beckoned, and whom Congress has called. Between the United States and these Southern countries not only distance intervenes, but difference in language, ignorance, slowness of development, limited by meagreness of wants ; the small range of articles to be exchanged affording a market only limited in extent, and striven for by the most vigorous competitors in the world, already intrenched in possession and in financial control of all the channels of trade.

Compared with these conditions, those which prevail on the north reveal a region between which and the United States there is an absolute physical union of greater extent than elsewhere in the world joins two countries together. No barriers exist between them except rivers and lakes, which, instead of being

barriers dividing the people, should be bonds to unite them. In this region are found products more varied, more susceptible of wealth-producing forces, more needed by the United States, more available for development by its own people, and likely to be more contributory to their greatness and progress, than the combined contributions possible to all the rest of the world.

When the average American trader and manufacturer looks north, and from the most active commercial centres realizes that only a night's journey brings him up against a stone-wall, so far as the possibilities of trade are concerned, he views with impatience the fiscal conditions of the continent. He knows full well that the physical conditions are all favorable to an extension of commerce in this direction as far as human life can exist. The fiscal conditions are those in which hostility to trade inheres. It is these which retard the growth of opportunity, confining him to a field in which excessive production and excessive competition even now render his efforts well-nigh profitless. The continent, it has been well said by Goldwin Smith, is "an economic whole"; and as such it has been described by Emerson as "the last best gift of God to mankind." Yet by an utterly unnecessary dual fiscal system, which cuts it into two parts, less than one-half of its vast extent imparts its wealth to the world. It rests with the American people to say how long this shall remain.

The trade of the United States should yield just as good a return from Manitoba as from Minnesota; in Algoma as in Michigan. As much money should be made by Pennsylvania out of Ontario as out of Ohio—indeed, out of Ohio, Illinois, and Indiana, the province of Ontario being larger and richer than all these three combined. New England should blossom as a rose from cheapened food supplies, with the practical control of the possibilities of the vast mineral resources in the maritime provinces, whose natural wealth exceeds the natural wealth of New York and Pennsylvania combined, but which, for want of a market, is silent, and dormant, and dead. Coal, which on the Atlantic as on the Pacific coast is found only within Canadian territory, is the needed force to make successful the coast-line cities in competition for foreign trade; the product of the five thousand miles of coast-line fisheries, the best in the world, is the gift of God for man's sustenance, and should not be left in idleness, and lost; neither, in view of the treeless prairies of this

country, should the wealth of timber, covering the vast areas of the northern half of the continent, be allowed to disappear by fire and rot, yearly diminishing its value to a greater extent than that which is cut and consumed. Indeed, a survey of the whole continent makes so apparent the utter folly of cutting it into two parts by two fiscal systems that any plan by which it could be commercially united is worthy of the highest ambition of the greatest statesman ; and toward this the merchants and manufacturers, the publicist and the politician regardless of party, should instantly and persistently address themselves.

It will be said, and with some truth, that the United States is in no respect to blame for the continued isolation of Canada from the marvellous progress which for the rest of the country has made the century now closing the most glorious in the history of the world. Whatever the causes of the retardation which has prevailed on the northern half of the continent as compared with the southern, the example and the influences prevalent in the United States have all been in favor of the largest growth and the most rapid development. Indeed, it might with truth be said that there has always been a perfect readiness to receive Canada on terms of perfect equality into the union of commonwealths that has made the southern portion of the continent the wonder of the world, while Canada, occupying an equally great area, and with advantages equally potent, has remained almost a sealed book, whose contents were unknown except to a few ardent souls, and even unsuspected by her own people equally with the people of Great Britain and the United States.

But while there has been a perfect readiness for a union on one side of the border, there has been a bitter and almost unexplainable hostility to it on the Canadian side. The material advantages that would follow annexation have always been abundantly apparent, but these have never seemed to be sufficiently valued to turn the scale against sentiment and prejudice. Although now and then, from some remote and non-progressive place, like Quebec in the east or Windsor in the west, a single voice is raised to favor political union, there is absolutely no reliable or marked sign favorable to that movement. These insignificant and altogether meaningless indications are caught up by the newspaper press of the United States, and made the most of as an expression of popular sentiment favorable to a political union ; but

there never was a greater mistake. While it may be that there is a growth of sentiment, especially among young men, favorable to annexation, and while deep down in the hearts of many a community there is, perhaps, a fixed belief that this is the true solution of the difficulties of the present, and the true destiny of the country for the future, there has never yet been, and is not likely for many years to be, an exhibition of this belief sufficiently practical in its effect to make it a safe sign by which to judge the real Canadian sentiment.

This conviction cannot be too strongly impressed upon American writers and thinkers. Those who make a study of this question in Canada, and whose sources of information are of the most elaborate and comprehensive character, should be believed in such a case, before the occasional outburst of some sensational writer or the views of some disgruntled politician are accepted as the voice of the people. It should always be borne in mind that the whole body of politics in Canada is permeated through and through with loyalty to the British throne, for which universal sentiment there is hardly cause for surprise. It must be remembered that Great Britain has treated Canada with the utmost liberality; that the Canadians are a practically self-governing community; and that, in addition to loans of British money in amounts second only to the vast credits given the Argentine Republic, which have recently brought such disaster in financial circles in London, no interference has been made, and nothing but kindness and generosity extended. To contemplate the cessation of a sentiment of loyalty to Great Britain, and to transfer the allegiance of a whole people to her great rival, is simply to contemplate a condition of traitorism that no political party could for one instant afford to assume. There is not a single constituency in the whole of Canada to-day that could return to Parliament a member pledged to annexation. It is doubtful if in any one community, however small, an officer so insignificant as a pound-master or constable could be elected on that ticket. How long it will take, therefore, to effect a change by which a majority of the people would favor a political union, those who know the country well estimate by generations, and not by years. Unless, indeed, there should be some denial by Great Britain of rights and privileges to which Canadians deemed themselves entitled, there can be no excuse for secession.

Meanwhile it must always be borne in mind that it is only by the exercise of constitutional means that a political union between the two countries can be achieved. The United States will seek neither by force nor by purchase to deprive Great Britain of 40 per cent. of her empire. Neither can Great Britain permit the sacrifice of a foot of her territory except by the practical consent of four-fifths of her people concerned. The consequences of the secession of this vast region to republicanism might well be contemplated with concern as to the effects on Great Britain itself,—upon institutions venerable by use for centuries,—while upon India, Australia, and other dependencies they might well be of a character most far-reaching and important.

Therefore, in view of such conditions of sentiment in Canada, with the certainty that there will be no justification for a change of fealty, and, further, that such action might prove more fatal to the influence of Great Britain in the world than almost any other event that could happen, it will be seen that the possibility of annexation to the United States is, to say the least, very remote. No sensible man, with a knowledge of all the conditions that prevail, would set about to accomplish a political union by direct means, and certainly no political party, in the hope of obtaining control of the constitutional means necessary to give it effect, would avow this as their object with any expectation of success within a generation. There is no stigma more severe than that of disloyalty to one's government, and no sentiment more difficult to overcome than attachment to the institutions of one's country. The people of the United States, more than any other, are able to estimate the force of the sentiment of loyalty, the inestimable value of its cultivation, and the danger, the loss, and the disgrace of a secession from its influences. Hence to contemplate in Canada a movement towards throwing off an allegiance of which most men are prouder than anything else under the sun—an allegiance most valued, most sacred, and up to this time most beneficial—is to consider a possibility that to those who understand the question best cannot arise. Certainly no coercion by a denial of material advantage, no policy of retaliation or isolation, as a penalty for indulging in such a sentiment, can ever be expected to effect a change and so far revolutionize public sentiment as to make it a force in favor of disloyalty.

What, therefore, under the circumstances is the best plan by which to abate the commercial belligerency that prevails along the northern border of the United States? If the people in this country cannot conquer, cannot purchase, and cannot lure to a political alliance the people of Canada, can a commercial bargain be made with them by which free access can be had to their sources of enormous wealth, and to the profits of a trade that their development will create? The answer is that nothing is easier of accomplishment than this commercial bargain. Political union is just now impossible, but a commercial union is quite within the early range of probabilities. The principle of reciprocity with nations on this continent, the favor toward which has pervaded this people like the light of the morning, is all that it is necessary to apply, and, so far as trade and commerce are concerned, is all that a political alliance could bring about.

In seeking to open up the commerce between the United States and southern nationalities, there has been no thought of a political connection. There are few who ever dream that Mexico or Cuba will be assimilated into this union of commonwealths. Therefore, when desirous of extending trade to the north, why should a political union be a condition precedent, when political union is unnecessary, clearly impossible, and for the present seems to many most undesirable? On this latter point there would be no justification for the United States to precipitate the affairs of half a continent into departments already overtaxed, and heap additional burdens upon legislative machinery already failing to perform one-half the demands upon it. Clearly, therefore, if without material change in Canada, and without the slightest alteration in the political conditions in the United States, a commercial relation between the two countries can obliterate the belligerency now existing, the attractiveness of the plan should be sufficient to win the support of the merchant and manufacturer, of the miners and shippers, of the railway men, and of all who want to broaden their opportunities, even should the politicians await the bidding of all these to put the plan into force.

The question may be asked, What justification is there for the belief that the people of Canada are ready to break down the barriers of trade? What ground is there for the assertion, for instance, that, while they are willing to remove these barriers, so

far as the United States is concerned, they will keep them up against all foreign nations, Great Britain included ? How can the statement be justified that Canada is so intensely loyal that she will not for an instant contemplate a political alliance with the United States, as against her connection with Great Britain, yet will turn around and make a trade alliance with the rest of the continent that shuts out the manufactures of Great Britain and admits those of the United States duty free ? It must be allowed that there is a seeming inconsistency in this position, and it must be admitted that there is little in the past or present attitude of the government of Canada to justify the expectation that this condition of reciprocity can be brought about between the two English-speaking nations that hold this continent in common. But it must always be borne in mind that in all self-governing communities, such as Canada preëminently is, there are two parties ; and generally, if the people are intelligent and self-reliant, the parties are not only pretty evenly divided, but with time and circumstances greatly change their views.

It is most important to understand that in Canada these two parties, known as the Tory and Liberal parties, hold directly opposite views regarding the relations with the United States ; that the Tory party believe in a policy of isolation, and to them must be attributed the belligerency already referred to. The Liberals, on the other hand, have adopted, as the chief plank in their platform, the policy which will break down entirely the trade barriers that now exist between the two countries, and, by unrestricted reciprocity, lay the basis for the settlement of every question that now disturbs the two peoples, and make possible a freedom in trade as complete as that which now exists between the States of the Union or the provinces of the Dominion. This is now the real difference between the two parties. The Tory party of Canada has ruled that country for the past fifteen years, and under the premiership of Sir John Macdonald, whom some look upon as a great statesman, but whom others regard as only a shrewd politician, the condition of commercial hostility towards the United States has been reached. From a Tory point of view, the conditions which now prevail between the two countries are no doubt justified ; and the expectation that, altogether independent of the United States, a great nation can be erected in Canada to pro-

mote and add to the glory of the British flag is in the minds of a great many people in Canada, and is also a common thought in Great Britain.

Whatever may have been the motive, or whatever may be the outcome, the policy of the Tory party has certainly been in the direction of isolation. To this must be attributed the harsh and antiquated interpretation of the fishery treaty—the refusal of hospitality to a few fishing-smacks in Canadian ports, while enjoying an unbounded hospitality for British and Canadian ships in every port of the United States. To this policy must be credited the denial of bonding privileges for a few quintals of fish, while enjoying unlimited bonding privileges from the United States, without which Canadian railroads would rapidly reach bankruptcy. The same idea prevails in the discrimination against United States vessels in the canals, the creation of which was only justified by the patronage of these craft. But above all these minor indications of hostility is the national policy specifically adopted by Canada, resulting in a tariff shutting out American products and manufactures to a degree that was only equalled by the drastic conditions of the McKinley Bill, subsequently enforced against Canadian products, which merely followed the example already set by the Canadian government itself. This catalogue of Tory achievements, supplemented by the guerilla railroad warfare which, owing to the enforcement of the United States inter-State regulations, threatens to ruin American railway investments, and which the Canadian government is accused of encouraging, makes the indictment complete.

Such being the record of the Tory party so far as its relations to the United States are concerned, it now remains to be seen whether such a policy of hostility will receive the approbation of the majority of the Canadian people. This will be tested at the general Parliamentary election, which occurs every five years throughout the Dominion, and which is now due within eighteen months, though it may, by the action of the government, be precipitated at an earlier period. Meanwhile the great Liberal party of Canada, in order to make the issue perfectly plain, have adopted a policy precisely opposite to that of the Tory party, especially so far as it relates to the United States. They propose to place squarely before the people the sole question whether these relations shall be of the most in-

timate character, or whether the policy hitherto pursued shall be persisted in. For the first time in the history of the Dominion the issue is fairly presented in Canada as to what policy shall hereafter prevail in regard to her neighbor to the south. If the Tory party prevail, the future policy of the country will be that indicated by the past administration of affairs. If the Liberal party prevail, a new government will be formed, and a policy inaugurated as different as possible from that existing at the present moment.

It is most important, at this juncture, that the results of a Liberal victory should be perfectly understood. In the first place, the Liberal party are unequivocally committed to the principle of unrestricted reciprocity with the United States, providing there is an expectation that such a proposition will be acceded to. Reciprocity implies a perfect and unrestricted exchange of every natural product and every manufactured article; the effect of which would be that commerce shall be as unrestricted along the whole four thousand miles of border-line as it is now between the States of the Union or the provinces of the Dominion. The consequences of this obliteration of the commercial barrier will be that the area of the trade of the United States could be doubled; while, inasmuch as an enormous development would follow in Canada from the open market which would thus be afforded in this country, the volume of trade would increase in the same manner, with the same rapidity, and with the same profit as it increased with the opening of the Western States. It will rest largely with the Americans themselves to share in the profits of this development, as they already are largely in the individual possession of lands, timber limits, and mineral locations in Canada. These they could further increase, for by the liberality of the laws they can possess themselves, by purchase, of any property that promises a large return under the changed circumstances. Free raw material from all parts of the Dominion, greatly needed to cheapen manufactures for export, produced at a profit largely by Americans themselves, and by the necessary development affording them a market for American manufactures, is a result the value of which surely no one can question, as growing out of a reciprocal arrangement between the two countries, at no cost of political disturbance to either.

But aside from the immediate and material advantages that

would follow from a change of policy in Canada, there would be results far more significant. For instance, Canada, by the success of the Liberal party, will demand the right to be recognized in making treaties which concern her interests. This is rather a startling claim for a colony, but it will be enforced if the people so decide. Again, unrestricted reciprocity with the United States implies that American goods are not only to be admitted free of duty, but for the purposes of revenue, and to prevent Canada from being the back-door for smugglers into the United States, the duty on foreign goods will be maintained at the present rates, which are practically equal to those that prevail in the United States, and which can readily be made to conform to them. Thus there is proposed a discrimination in favor of American manufactures, which are to be admitted free, while British goods are practically prohibited from entering in competition by the exaction of a duty.

Is it possible to conceive of a movement more significant in British North America than this attempt at fiscal freedom from British control? If, as the first step towards independence, the Canadian people were asked to vote upon the proposition to procure for them political freedom, no one act could be proposed which would be more significant in that direction than the one which the Liberal party now practically ask the Canadian people to acquiesce in. But it is not to favor independence or any other distinctive political movement that the question is put. It is simply to carry to its legitimate result the example already set by the Tory party when they inaugurated their national policy, the effect of which was to discriminate against English goods in favor of Canadian manufactures. It is only pushing this liberty to its legitimate result to propose that, in exchange for the near-by market of the United States for the manufactures and products of Canada, the Dominion shall offer an equally free admission to the products and manufactures of the United States. That the people of Canada will consent to this arrangement there can be little doubt, especially since the agricultural section of the McKinley Bill has afforded an object-lesson of such stupendous import as to perfectly convince them that the commercial hostility heretofore indulged in can have but one result—that of complete isolation, loss, and disaster to the most important interests of the Dominion.

But numerous other advantages would result to the United

States from the election, by the people of Canada, of a government entirely friendly to this country. The fishery question, which, like Banquo's ghost, obtrudes itself unbidden at periods most inopportune, could forever be settled by Americans having the freest access to every port and every privilege, thus coming into practical possession, for the purposes of trade, of fishing facilities and fishing wealth, both on the Atlantic and Pacific, and in the gulfs and bays, lakes and rivers, unequalled in value in all the world. The transportation problem, too, which now taxes the ingenuity of statesmen to adjust with perfect fairness to all localities, can be completely settled. This can be done by the determination of the Liberal government to enact clauses for the regulation of railways within the Dominion precisely similar to those which the Inter-State-Commerce Law enforces in the United States. It is true that the competition of Canadian roads, by their short routes and splendid facilities, would continue to afford a means of communication between the New England States, on the one hand, and the Northwestern States, on the other. But this competition can be regulated in conformity with the system which prevails south of the lakes; more than which no one can demand. The coasting laws along the vast inland seas, the wrecking regulations, the extradition powers, the patent laws, the insurance-deposit rules, and numerous other international difficulties could all be adjusted in a spirit of amity by a Liberal government entirely friendly to the United States. This, under existing conditions, seems impossible.

In view, therefore, of the far-reaching importance which attaches to the impending general Parliamentary election in Canada, some action on the part of the United States would seem desirable in order that moral support should be afforded to the party whose whole aim is that of friendliness to this country. Up to this point the strongest argument which the Tory party is able to urge is that there is no disposition on the part of the United States towards better relations, and that the outcome of all the agitation in favor of the obliteration of the barrier between the two countries is the enactment of the McKinley Bill and the exaction of higher duties than ever before. But it is a mistake to interpret this as the sentiment of the commercial or manufacturing community of the United States; on the contrary, the action of Congress incorporating in its last tariff an invitation to south-

ern nationalities to reciprocal relations is an indication in a precisely opposite direction. A resolution on the same lines towards reciprocity with Canada, similar to that which has been already adopted in favor of the southern nationalities, would completely remove the imputation that the United States will fail to respond to the election of a government entirely favorable to them.

It seems impossible to deny such action, for no party or body of statesmen can justify the inconsistency of the free admission of sugar and coffee and hides, and other southern products, in exchange for the manufactures of the United States, while denying an equally free admission to coal and timber and fish and copper, and other products of the north, for a like exchange of the products of the skilled labor of this country. Therefore it seems eminently appropriate that Congress should early in the present session, in anticipation of the general election in Canada, pass the resolution which the Committee on Foreign Affairs of the House of Representatives, after much deliberation, has recommended through its chairman, Mr. Hitt, and which has been substantially incorporated in the proposal of Mr. Sherman in the Senate. This resolution simply provides that, whenever the government of the United States is certified that the government of Canada will admit, free of duty, all the products and manufactures of the United States, the President shall appoint three commissioners to meet an equal number of commissioners appointed by the Dominion of Canada, to prepare a plan for the freest exchange of products and manufactures, which plan is to be submitted for the approval of Congress before further action shall be taken.

If as the result of the passage of this resolution the Liberal party can go to the people and offer them the possibility of unrestricted intercourse with this country, and a government results whose whole attitude is that of friendliness and favor to this country, what greater act of legislation could be achieved than that which would contribute to the settlement of the numerous questions that now disturb the relations along the northern border, the result of which would be the complete obliteration, so far as trade and commerce are concerned, of the long barrier because of which, up to this time, so much belligerency exists?

ERASTUS WIMAN.

THE LATE FINANCIAL CRISIS.

BY HENRY CLEWS.

THE phenomena of a volcanic eruption or of a great earthquake are eagerly investigated by the men of science for what light they may cast upon the workings of the laws of nature. Not less reasonable may it be for the student of economics to avail himself of periodic financial upheavals for acquiring a broader judgment upon the laws of finance. For, as certainly as inorganic nature is governed by unchanging laws, are the exchanges of the products and services of mankind controlled by fixed natural ordinances, which ignore and finally supersede all the conventional arrangements by which society attempts to regulate its commercial intercourse.

It cannot be said that crises antecedent to the recent one have taught all that can be learned from such events. The late derangements have a special significance from the fact that, whilst the instrumentalities of finance remain virtually the same as they were under former panics, yet the conditions to which they are now applicable differ widely from those of previous periods; and that circumstance suggests a probability that existing arrangements may be found imperfectly adapted to current requirements, which is one of the main conclusions I hope to establish.

First of all, then, what are the phenomena with which we have to deal? (1) A sudden, extreme, and almost simultaneous fall in the prices of securities in both New York and London. (2) The antecedent symptoms of the break were apparent in some weeks of steady realizing upon corporate issues at both those centres, attended with the return from London to New York of a large amount (estimated at 10 to 12 millions) of railroad stocks and bonds. (3) This selling was stimulated by stringency in money in both cities, the Bank of England advancing its minimum rate of discount from 5 to 6 per cent., while the reserves of the New York