

No Confederation possible without a Confederate Patriotic Policy.

TO THE MEMBERS OF THE ASSOCIATION FOR THE PROMOTION OF CANADIAN INDUSTRY:

DEAR SIRS.—Looking to your being about to meet this week in Toronto, I take the liberty of addressing to you the result of my long experience, as having been one of those who established your Association and watched over its early years. And, to begin with, it is important to explain that the first movement was not by manufacturers as such, but to call manufacturers into existence in the interest of the farmers and of the general community. In 1858 and subsequently we fought the battle successfully on this solid foundation, but I feel sure that no mere manufacturers' movement for their own class interest will ever get the same sympathy and support. Canada is lamentably deficient in employment for her youth, and for this great reason, and the other important one of keeping the money in the country, the votes will be in favor of every encouragement to the multiplying of the country's employments, far more than if these are argued for as class interests, or as something which is the interest only of present manufacturers.

It is clear that to the continuance of the Confederation of British North America it is necessary to encourage a home supply of iron, coal and other things viewed as raw materials in the past infant state of the different Provinces. And I do not see that, in the interest of the more matured manufactures which use these, there need be any difficulty if only the common sense view be taken of adding an equivalent protection to what exists, or would be proper to give, to iron and other productions in the finished state.

As I have so often shown, the present 17½ per cent. duties do not really make our system more than a free trade one in competition with the foreigner. The Americans ignorantly valued the gold in their currency, before their civil war, more than 15 per cent. lower than they would have done if they had seen that, not to do gross injustice to their own producers both agricultural and manufacturing, their price of gold (if they must violate the law of supply and demand by fixing it at all) should have been its value with reference to the other values of the country with which its paper representative was to be bartered. And Canada followed this ignorant example, the result being that while her manufacturers pay Canadian or paper money prices for the elements of their productions (money, labor and other raw material) their foreign competitors get their gold at the foreign or fixed price which enables them to buy in the cheap markets of Europe where the elements of production are so much less.

All Canada's prosperity in the past has been in spite of, not in consequence of, her legislation; and without the Monetary Reform which I have indicated, we never can have real and independent prosperity in this country. To see this it is only necessary to look at the present position of the United States. Their tariff has no doubt been of incalculable benefit to their people, and has indeed been that which has kept society from falling to pieces, instead of being the cause of the present distress as some here ignorantly, or for party purposes, insinuate. But the distress of the United States which has now continued for four years (and will continue while a return to our system of money is threatened) is proof that a Tariff alone is not sufficient protection to the Industry of a country, which requires protection through the Currency even more than through the Customs. The intention of this metal or exportable basis for their currency (now attempted by a Financial Feudalism in Europe to be re-imposed on the United States) is to "contract" the circulation and make money dear by making it scarce, and this "contracts" the sales of commodities, and the employment of the people which is their means of living. This is the true cause of the present distress in the United States. There never

was a shrewder observer than my country's poet Burns, and when travelling he was in the way of expressing his criticisms of the particular neighborhood by writing with a diamond on the window of the country inns where he put up. So in imitation of this bad example, a literary cockney who had come down from London to fish in the highlands of Scotland, thus expressed on the window of the country inn his dissatisfaction with the grub and the cookery:

"Your salmon are so fat and red,
Your hens so thin and blue,
'Tis clear which providence has fed,
And which were fed by you."

I resurrectionize this *morceau*, because it has always struck me how well these lines express the state of things in Canada (and also in U. S., though to a lesser extent, from their having a patriotic Tariff), where the old saying that "the Lord sends meat but the devil sends cooks," is so well verified. All we cannot touch with our ignorance and old country theories, for instance the prosperity of our farmers, is all right, but whatever we have in our power to manipulate, our lawyer legislatures seem to spoil.

If we could get a Reform of our money legislation the industry of the country would be better protected through the currency than it can be by the greatest protection through the customs; and time would be had for the Maritime Provinces to get reconciled to greatly increased duties which I feel sure they will eventually become with their manufacturing advantages and mineral wealth. And with the view of leading to thought on this vital subject of a patriotic currency as the hand-maid of the country's industry, I shall now give my view of

WHAT OUR MONEY OUGHT TO BE.

Knowing that it is far easier to carry a whole than a half reform, I would not attempt to get the proper value given to our gold while still retaining the feature of its price being fixed in defiance of the law of supply and demand.

I think that our Money ought to be the NOTES OF THE AGGREGATE PEOPLE (THE GOVERNMENT) REPRESENTING ACTUAL VALUE THE GOVERNMENT HAS RECEIVED, so that the whole property of the country would be bound for them, the issue being limited to Fifteen Dollars a head of the population, this being about double the present circulation. The notes should be a legal tender both for public and private debts. They should not be payable in specie, but should be convertible into CANADIAN CONSOLS, bearing four per cent. interest—the interest being payable in gold at the present standard, and THIS GOLD INTEREST TO FORM THE ONLY STANDARD OF THE CURRENCY AND THE ONLY CONNECTION OF THE NEW SYSTEM WITH GOLD. These Consols of the Canadian people or Parliament to be re-convertible at any time into circulation when money is worth to the holder more than the interest on them.

My view, in a word, just is that THE PRINCIPLE OF THE POSTAGE STAMP SHOULD BE EXTENDED TO ALL COLLECTIONS OF THE REVENUE, the Government paying all the moneys each year voted by the Parliament in Revenue stamps or exchequer notes, similar to the American Greenback. These notes would be safer than the notes of the Bank of England, or any other Bank notes, which are only an evidence of what the issuer owes to the holders, while our Government notes would be an evidence of what the holders owe to the issuer, payable in taxation within the year. Not only would our Government notes (and they might be called Parliamentary or taxation notes if this would show better their character) be secured by the whole property of the country, but their payment would have been provided for before they were issued.

I fear that without such a monetary reform the Dominion Government will be swamped financially by the mighty public works and extension of settlement, on which I believe her whole future depends, as well as the

possibility of her remaining a part of the British Empire. This I see she cannot do if we go on increasing our debt to outsiders; and do not get a patriotic system under which our public debt will gradually come to be owned within ourselves, and practically be a GREAT SAVINGS BANK FOR OUR PEOPLE, instead of a means as at present of perpetually abstracting the life's blood of the country. And those whom I have so long bored, in season and out of season, with my ever increasing convictions on the currency question know that I have long seen that "the question of money and the question of labor are practically one question, the solution of the one being the solution of the other," plentiful and therefore cheap money being a convertible term for plentiful and therefore sufficiently remunerated employment; all which, I see, we can secure by adopting my principle that "Money should be a thing of or belonging to the country, not of or belonging to the world," or, in other words, that not foreign trade but the wealth within ourselves should be the basis and criterion of our domestic Currency. At present the farmer also buys at paper or Trade prices and has to sell at metal or Cash prices his produce not sold for local consumption, though he only gets paid in paper! But then, foreign exchange (which is just an order for gold abroad) will be enabled to rise in price to its value, as water rises in a pipe to its true level, thus giving the farmer more price for his wheat, as giving the exporter more currency for each pound sterling he draws on England. So that without raising the price to the English buyer, and without in the least damaging Canada as a market to buy in, the Canadian farmer will get more Canadian money for his wheat. And if this is no more than simple justice to the farmer, the present system is gross injustice to him. So what we somewhat unfortunately name protection to the manufacturer and artisan is really only simple justice to him, and to the farmer for whose interest we have called a manufacturing and artisan population into existence, and must do so more and more and more if we are patriots. When long ago we established agricultural associations, after the model of the Highland Society of Scotland, simple production was our object. He was the patriot who could "make two blades of grass grow where only one grew before"; but now in an advanced state of society, and of super-abundant production, in which the farmer has to contend with high priced land, piano-fortes, buggies, and other increased expenditure, he is the patriot who can do most to create markets for that farm produce which will not bear the expense of exportation, through the building up of cities and towns within the range of the Banking and Currency laws of our own Confederation, since foreign or metallic cash we cannot get for it. THE FARMER'S HOME MARKET IS THE ONLY ONE HE CAN COMMAND, AND, AS REALLY THE SHREWDEST CLASS IN ALL COMMUNITIES, THE FARMERS ONLY REQUIRE TIME TO THINK TO COME TO THE ABOVE CONCLUSION PRETTY UNANIMOUSLY.

The Canadian farmer will tell Sir Stafford Northcote, Mr. Walter of the London "Times" and other influential English orators, who are vainly trying to keep up the failing spirits of the English people in regard to free trade, that, not having metallic money to pay for a large part of the supplies he requires, he has to pay for these in his perishable and non-exportable productions consumed by a home manufacturing population.

That which is not correct in practice cannot be correct in theory either. And free trade (more especially when it is only free imports without reciprocity) is only worthy of an utterly heartless government which has abdicated all its functions except that of a mere police, having repudiated that highest duty of a government, the being the hand-maid of humanity as it is found in our own country.

ISAAC BUCHANAN.

Hamilton, 24th October, 1877.