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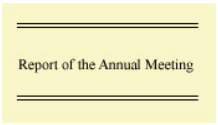

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THE COMMERCIAL UNIONISTS IN CANADA AND THE UNITED STATES

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When William McDougall said that Commercial Union spread across Canada "as spontaneously as the light of the morning"[1] he set a pattern for exaggeration of the Commercial Union movement that has been followed by many historians. Both the extent of its appeal and the spontaneity might well be questioned. Its appeal was actually quite limited and its spontaneity was carefully contrived by leaders of the Commercial Union movement on both sides of the border. The five premiers at the Inter-provincial Conference in Quebec in 1887 adopted a resolution in favour of "unrestricted reciprocity". But these august gentlemen were concerned with "better terms" and "provincial rights" rather than the trade problems of the Dominion and only adopted the resolution as an after-thought after being favoured with a speech on the subject by Erastus Wiman, the New York financier who was a leading figure in the Commercial Union movement.[2]

The *Halifax Morning Chronicle,* would have had its readers believe there was overwhelming support for Commercial Union in the Maritime provinces. But J. W. Longley, Attorney-General of Nova Scotia and one of the leading figures in the movement in Canada, thought differently. "Nearly every person believes in reciprocity with the United States and but few persons seem to care enough about the subject to take any active measures to bring it about," he complained to Goldwin Smith. "I have had large and attentive audiences, but I have seen no healthy political agitation follow my remarks."[3] Quebec's response might be quite safely judged from the fact that the chief Canadian proponent of the movement, Goldwin Smith, saw in it a means to accomplish the assimilation of French Canada proposed by Durham nearly a half century before. "French Canada may be ultimately absorbed in the English-speaking population of a vast Continent," he wrote, but "the forces of Canada alone are not sufficient to assimilate the French element."[4] As late as March, 1890, Erastus Wiman wrote to a friend in Winnipeg that "up to this time we have not had much communication

[1] Cited, W. R. Graham, *Sir Richard Cartwright and the Liberal Party* (Ph.D. thesis, University of Toronto, 1950), p. 154.

[2] Minutes of the Proceedings of the Interprovincial Conference held at the City of Quebec, from the 20th to the 28th October, 1887, inclusively.

[3] Cornell University, Mann Library, *Smith Papers,* Longley to Smith, May 14, 1889.

[4] G. Smith, *Canada and the Canadian Question* (Toronto: Hunter Rose, 1892), pp. 234, 275.

from the far west."[5] And from British Columbia, D'Alton McCarthy learned that "Commercial Union is not thought of — Annexation treated with contempt."[6] In short, the appeal of Commercial Union was centered in Ontario and, more particularly, within the region which had been the seedbed of radical agrarian political sentiment in an earlier day, the western Ontario peninsula.

During the depression of the late 1880's the farmers of the peninsula momentarily responded to this proposal for absolute free trade between Canada and the United States, the assimilation of the tariff rates of both countries against the outside world, the assimilation of internal revenue taxes and some method of pooling and distributing receipts and customs.[7] The disparity between Canada's economic troubles and prosperity in the United States, said Erastus Wiman, was caused by the high tariff wall between the two countries. Break down that wall and American prosperity would flood Canada. Beside material motives, higher sentiments appeared to motivate the Commercial Unionists. All good social Darwinists agreed with Wiman that "the world moves as the Anglo-Saxon civilization progresses." For the benefit of the world, the "great schism" in Anglo-Saxon unity had to be restored and "Anglo-Saxon unity on the ground of unrestricted trade" would be forwarded "enormously" by the adaption of Commercial Union.[8] Again, nature could always be appealed to for proof of the Commercial Union argument. "Sir John Macdonald and the Canadian Parliament have decreed that the people of Manitoba shall sell their wheat in Montreal or Toronto, and trade with Ontario and Quebec," wrote Longley. "God and Nature have decreed that they shall sell their wheat in and trade with St. Paul, Minneapolis and other contiguous western cities."[9] S. J. Ritchie, an Ohio businessman with extensive Canadian business inteersts, put the argument even more succintly: "What God and nature hath joined together, let not politicians keep assunder."[10]

As appealing as these arguments may have been, the farmers of Ontario were not wholly convinced of their validity. It is clear that at local meetings of the Farmers' Institute there was much confusion over Commercial Union, extended commercial relations, a large measure of reciprocity or Unrestricted Reciprocity. In addition, at these carefully organized meetings serious debate of the merits of the proposal was often avoided by omission of opposition speakers from the program. And at two meeting of the Central Farmers' Institute in the spring

[5] P.A.C., *Denison Papers,* 4, copy, Wiman to Dwight, March 17, 1890.
[6] P.A.C., *McCarthy Papers,* E. Crease to McCarthy, December 13, 1888.
[7] Thomas Shaw, "A Farmer's View of Commercial Union", *Handbook of Commercial Union* (Toronto: Hunter Rose: 1888), p. 54.
[8] *Handbook of Commercial Union,* pp. 35-40.
[9] *Ibid.,* p. 113.
[10] *Smith Papers,* Ritchie to Smith, February 9, 1888.

of 1888 attempts at discussion of Commercial Union were prevented by the majority of delegates who shied away from what they believed to be a political question. Even more interesting was the adoption at the earlier of the two meetings of a resolution in favor of an Imperial preference on Canadian foodstuffs. A student of this problem writes that "from this time forward, the Farmers' Institutes more and more confined themselves to business of a strictly agricultural nature."[11]

South of the border, the appeal of Commercial Union was even more limited. And in contrast to the free trade sympathies of the Canadian farmers, the American Commercial Unionists were generally businessmen who favoured a high protective tariff. "The support of this plan is very marked from high protective sources," noted Secretary of State Bayard. "Blaine's fugleman Hitt, of Illinois, has been very prominent in favouring a Commercial Union with Canada."[12] The American Commercial Unionists frankly admitted theirs was a protectionist, not a free trade scheme. Representative Benjamin Butterworth told the Canadian Club in New York City in May, 1887, that Commercial Union was an American plan, a New World plan. "As against the old world, both Americans and Canadians may invoke the protective system; but as between Canadians and Americans it has no proper place."[13]

Some support was given to Commercial Union by a few Republican Congressmen. But their counsels were badly divided. Ritchie reported that Senator John Sherman of Ohio and Senator William Frye of Maine apparently supported Commercial Union but disagreed as to how it might be accomplished. Sherman was of the opinion that "the only proper way" was for the British Minister in Washington to initiate negotiations with the State Department for a treaty. Frye thought that "England never would consent to Canada enjoying more favourable trade relations with the United States than she herself would enjoy" and seemed to favour some form of Canadian-American agreement that would preclude working through the Foreign Office.[14] Representative Charles Baker from Rochester, New York, sought to force Commercial Union upon Canada by introducing a bill in 1889 calling for duties on some agricultural imports from Canada.[15] Representative Butterworth of Ohio seemed to be interested in better trade relations between Canada and the United States on any terms and was not necessarily committed

[11] I. A. Hodson, "Commercial Union, Unrestricted Reciprocity and the Background to the Election of 1891" (M.A. thesis, University of Western Ontario, 1952), p. 100.

[12] C. C. Tansill, *Canadian-American Relations, 1875-1911* (New Haven: Yale University Press, 1943), cited, p. 396.

[13] P.A.O., Pamphlet Collection, B. Butterworth, "Commercial Union between Canada and the United States" (New York: Erastus Wiman, 1887), p. 4.

[14] P.A.C., *Macdonald Papers*, 44, Ritchie to Macdonald, December 12, 1886.

[15] *Ibid.*, 45, Ritchie to Macdonald, February 18, 1889.

to Commercial Union *per se*. "He is willing to accept either a partial or a complete reciprocity between Canada and the United States," Ritchie told Sir John Macdonald, "and I am sure would vote tomorrow for a restoration of the treaty of 1854."[16] Moreover, it is clear that Congressional support was minimal. Representative Robert Hitt complained to Goldwin Smith that "I have little expectation of being able hereafter, as I have not been able heretofore, to get [Speaker Reed] to permit the Canada resolution from the Committee on Foreign Affairs . . . to be taken up and considered by the House."[17] It is true that under the then existing House rules, Reed did have nearly dictatorial control of the subjects for debate. But it should be added that if Commercial Union had the exaggerated amount of public appeal in the United States that many Canadians thought existed, neither Reed nor anyone else could have stopped full-scale debate on the measure. In fact, Commercial Union, despite its vociferous supporters, was not an important political question in the United States.

The appeal of Commercial Union on both sides of the border was carefully forwarded by the leaders of the movement. Without question the most outstanding Commercial Unionist on the United States side was Erastus Wiman. Wiman was a cousin of the old Clear Grit, William McDougall, and worked for him on the *North American*. He went to the *Globe* with McDougall and became its commercial editor. In 1860 he gained control of the Ontario branch of the Dun Mercantile Agency, moved on to Montreal and then New York City where he eventually became a full partner in the organization. He maintained interest in Canada principally as president of the Great North Western Telegraph Company and perhaps would have profited in this way from the adoption of Commercial Union. Actually, more tangible benefits would have come from other Wiman enterprises. In 1887 he was a member of an international combination seeking to control the known iron ore deposits of Canada. Along with Senator Payne of Ohio, S. J. Ritchie, James MacLaren of Ottawa, A. B. Boardmen and others in New York City, he realized that the abolition of mineral duties in the United States and duties on iron products in Canada would greatly forward the plans of the syndicate.[18] Again, Wiman had a personal interest in abolishing the transportation competition of the Canadian Pacific Railway with eastern American trunk lines, or, more exactly, in the integration of the whole North American transport system. He owned extensive transport and dock facilities on Staten Island and these would profit if the trade from the middle and north west, stolen away by the differential rates on the Canadian Pacific, could be restored to the eastern American railways.

[16] *Ibid.*, Ritchie to Macdonald, April 21, 1890.
[17] *Smith Papers*, Hitt to Smith, June 30, 1890.
[18] Hodson, *"Commercial Union"*, pp. 32-41.

Wiman was a tireless worker for Commercial Union, seizing every opportunity to expound his favourite doctrine on the platform or in print in both countries or before Congressional Committees. Just before the 1891 Canadian general election he printed a letter to be sent to influential persons throughout the United States urging them to write to their Senator or Representative expressing approval of Commercial Union.[19] Wiman drew a somewhat laboured distinction between economic and political union. Unquestionably he would not have opposed the full measure of continental integration but he seemed to be totally absorbed in the trade question and feared that annexationists would destroy the movement for economic union. Writing to E. W. Thomson in February, 1890, of his plans for a speech in Montreal, he said his object was "especially to show the progress of the question and the gradual elimination of the Annexation element on both sides of the Line, reiterating the conviction that it now stands on a trade basis of its own merit."[20]

This problem never bothered Canada's most distinguished advocate of Commercial Union, Goldwin Smith. Anti-imperial and Anglo-Saxon in his heart of hearts, Smith believed that the Dominion was simply an abortive political and military contrivance to maintain British imperialism and that eventually and inevitably Canada would become a State or a number of States in the Republic. Throughout his life he promoted this cause, using whatever argument seemed most appropriate at any particular time. In the late 1880's that argument was Commercial Union. It was not the goal, but at least it was a move in the right direction. S. J. Ritchie called Smith "one of the Daniels", "a gallant master and leader" of the movement.[21] Smith founded the Commercial Union Club in Canada and was the power behind consideration of the question by the Farmers' Institute as well as a frequent speaker on the Institute circuit. He served as the middle man and interpreter between the Commercial Unionists in Canada and the United States. Despite his vigorous efforts, Smith had the painful task of admitting to John Charlton that "the absence of response to the call of the C. U. Club for pecuniary aid was undoubtedly disappointing, especially on the part of those who had themselves a large interest in the success of the movement."[22]

Goldwin Smith, unlike Wiman or many other Commercial Unionists, had nothing to gain materially from the adoption of Commercial Union. He championed the cause on principle, because he thought it would benefit the people of Canada. Like all other causes to which he

[19] New York Public Library, *Misc. Collection,* Erastus Wiman, Wiman to ....., February 19, 1891. (printed).
[20] *Denison Papers,* 4, copy, Wiman to Thomson, February 12, 1890.
[21] *Smith Papers,* Ritchie to Smith, February 8, 1888.
[22] *Ibid.,* Smith to Charlton, May 9 (?), 1890.

gave his time and effort, his leadership was primarily academic in character. His greatest effort was devoted to putting the stamp of scholarly approval on the movement. The result was his lengthy and well known argument for Commercial Union in *Canada and the Canadian Question,* perhaps the most thorough and devastating attack on Confederation that has ever been penned.

Though the results of the Commercial Union campaign could hardly be called other than disappointing, the leaders of the movement continued to work for economic integration of the continent until after the 1891 election. Then, gradually, Commercial Union sentiment gave way to a desire for political union. Goldwin Smith had vaguely expressed this hope in a letter to Andrew Carnegie in September, 1891.[23] In the United States Wiman's predominance slipped away and Francis Wayland Glen became the moving force behind a newly organized Continental Union Association. "The powerful influences of a desire for acquisition of country will stand in the way of closer trade relations," Wiman wrote with despair. "The effort of the Continental Union League so far as it is at present controlled would certainly be against any change in the tariff as far as Canada is concerned."[24] There was little resemblance between the personnel of the old Commercial Unionists and the new Continental Unionists. Involved with the latter were such influential persons as Carnegie, Charles A. Dana of the *New York Sun* and Representative W. Bourke Cochran.

In Canada the same shift of emphasis from economic to political union occurred. William Dymond Gregory explained the reason for this change of front.

> The transformation of supporters of Commercial Union into supporters of political union was not unnatural. There was a good deal of feeling in favor of political union expressed before the election of 1891, but Goldwin Smith said that nothing should be done in this direction until the election was over as a movement of this kind might injure the Liberal chances. There was, I think, a feeling that commercial union would not accomplish what we hoped, for the great difficulty was that commercial union would have to be effected by treaty or concurrent legislation. How then could manufacturers build up their enterprises here, if by a stroke of a pen 13/14 of continental customers might be taken away... This was an unanswerable argument... when the Liberals were defeated in 1891, the movement for continental union which had been discussed before, took definite form. No pressure however, was brought by Goldwin Smith himself to induce anyone to take part in this movement. It was wholly voluntary... I regarded it... as putting Canada in a much more honorable position than it occupied as a colony. To be part of a great North American union with equal rights with all other members of the union seemed to me a much higher and more

[23] New York Public Library, *Carnegie Autograph Collection,* Smith to Carnegie, September 30, 1891.

[24] P.A.C., *Laurier Papers,* 7, Wiman to Laurier, January 17, 1893.

> honorable position than being a dependency for another country in which we could not exercise national powers.[25]

Since the summer of 1891 Wilfrid Laurier had received letters from Smith telling of the growth of political union sentiment, again, particularly in the western Ontario peninsula. In October, 1892 the Continental Union Association in Canada was formed with John Morison as President, T. M. White as Secretary and Gregory as Treasurer.

With the formation of these organizations for political union, the last vestige of Commercial Union sentiment passed from the scene. Sir John Macdonald would have said that the true colours of the Commercial Unionists had at last appeared. And, as far as the Canadians were concerned this was certainly true for many of the Commercial Unionists. Of Goldwin Smith there was no question but that Commercial union was only a convenient stopping place on the road to political union. And when queried about annexation sympathies, Longley evasively replied, "I know of no rule in political life which compels a public man to declare every hour in the day what he is aiming at. Is it not quite sufficient that he should be continent of his own thought?"[26] But for Erastus Wiman Sir John's judgment remains questionable. Throughout the Commercial Union campaign Wiman argued against the impression that economic union was a prelude to political union. And the absence of Wiman from the rolls of the American Continental Unionists is significant. It may fairly be said of Wiman that for him Commercial Union was an end in itself.

Much of the confusion, and the exaggeration of the Commercial Union movement has resulted, I believe, from the failure of historians to distinguish between Commercial Union and the Canadian Liberal Party's policy of Unrestricted Reciprocity. Certainly, Liberal Party spokesmen did not help future historians when they often used the two terms interchangeably. But Unrestricted Reciprocity was not Commercial Union. Theoretically, Unrestricted Reciprocity, like Commercial Union, meant complete freedom of interchange of all the products of Canada and the United States. But, there would be no pooling and distribution of revenues, no common internal taxation, and no common tariff against the outside world. In short, Unrestricted Reciprocity called for Canadian-American free trade but not economic union. And for that matter, many prominent Liberals were not even willing to go as far as Canadian-American free trade. David Mills wrote that "Unrestricted Reciprocity with me means a large measure of reciprocity — negotiations not confined to natural products... leaving many things

[25] Douglas Library Archives, Queen's University, *Gregory Papers,* Autobiography, pp. 104-05.

[26] *Smith Papers,* Longley to Smith, September 11, 1890. Longley told a meeting in Boston on 28 December, 1887 that he was "both a Commercial Unionist and an annexationist." Tansill, *Canadian-American Relations,* p. 401.

still subjects of taxation."[27] And though Laurier used Commercial Union and Unrestricted Reciprocity without distinction long after the party had adopted the latter, he told Edward Blake "you are pressing the point too far when you understand that Unrestricted Reciprocity meant a treaty including absolute interchange of all products of the two countries, without any exception at all."[28] Seen in this light it is perhaps fair to suggest that the Liberal trade policy was a political rather than an economic policy that borrowed an idea from the Commercial Unionists to defeat the Conservatives. Macdonald and Company wanted reciprocity in natural products with the United States (limited reciprocity); the Liberals wanted a broader, but not necessarily all inclusive agreement (Unrestricted Reciprocity). W. T. R. Preston later wrote: "The idea of Reciprocity meant an exchange on the basis of natural products. Unrestricted Reciprocity would include *certain* manufactured products."[29]

The circumstances surrounding the adoption of Unrestricted Reciprocity by the Liberals seem to make this point even clearer. Sir Richard Cartwright and Louis Davies were Laurier's principal confidants in working out the details of Liberal trade policy. And Cartwright's enthusiasm for Unrestricted Reciprocity or Commercial Union — he saw little or no difference between the terms[30] — was matched by Davies hesitation. "I don't advocate the policy because I believe it to be the best possible *attainable* one. I would prefer Geo. Brown's treaty of 1874 and would even be satisfied with the old treaty of '54."[31] But one thing was agreed by all three men. Blake's "National Policy if necesary, but not necessarily National Policy" trade policy had been singularly inffective. Defeated three times running by the wily old man of Canadian politics, torn by dissention in their own ranks, and faced with the problem of new and inexperienced leadership, the Liberals, as Cartwright said, "*must* make a new departure."[32] In fact, no better summation of the motivation behind the adoption of Unrestricted Reciprocity can be found than Cartwright's confession "that as a political organization we simply had no alternative. We had to adopt this project or go to pieces."[33]

The Commercial Unionists fought a game but futile battle. Other than a few Republican Congressmen and even fewer American businessmen, they failed to convince Americans of the worthiness of their

[27] P.A.O., *Blake Papers,* Mills to Blake, March 29, 1892.
[28] *Ibid.,* Laurier to Blake, April 29, 1892.
[29] W. T. R. Preston, *My Generation of Politics and Politicians* (Toronto: D. A. Rose, 1927), p. 181. (Stress mine).
[30] W. R. Graham, "Sir Richard Cartwright, Wilfrid Laurier, and Liberal Party Trade Policy, 1887" *Canadian Historical Review,* XXXIII, March, 1952, p. 14.
[31] *Laurier Papers, 737,* Davies to Laurier, November 8, 1888.
[32] *Ibid.,* Cartwright to Laurier, January 2, 1888.
[33] *Ibid.,* Cartwright to Laurier, September 17, 1888.

cause. What success they had in Canada was fleeting. Too many Canadians recognized the contradictions in talk of free trade in Canada and protection in the United States. Too many Canadians correctly guessed at the annexation proclivities of Goldwin Smith. And even if they missed these points, when they heard Smith and his co-workers proclaim that Canada's "natural industries" would prosper, only the artificially protected ones would be sacrified, they recalled again Sir Leonard Tiley's rhetorical question, "the time has arrived when we are to decide whether we will be simply hewers of wood and drawers of water . . . or will rise to the position, which, I believe Providence has destined us to occupy."[34] James Young, Liberal M.P. from Galt, provided the most fitting epitaph for Commercial Union. The Commercial Union agitation, he wrote,

> really proved to Canada a blessing in disguise. It taught us as a people some needed lessons. In a special way it brought the question of the Dominion's national future — at least so far as the United States is concerned — squarely before us for examination and debate. All sensible Canadians soon discovered that a reciprocity treaty such as Lord Elgin negotiated in 1854 was one thing, Commercial Union quite another...[35]

[34] Canada, Parliament, House of Commons, *Official Report of Debates,* March 14, 1879, p. 429.

[35] James Young, *Public Men and Public Life in Canada* (Toronto: William Briggs, 1912), vol. 2, p. 405.