

Chicago's Interest in Reciprocity with Canada

ADDRESS

DELIVERED BY

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CHICAGO'S INTEREST IN RECIPROCITY WITH CANADA.

A great city does not arise by accident. Since commerce began, the advantages of situation and adaptation to the requirements of traffic have fixed the trade centers of the world.

One of the eulogists of your city has declared that "Chicago is a monument of mastery over circumstance." With due acknowledgment to those who overcame physical obstacles, who overcame the great difficulties here met in the upbuilding of a city, this tribute may be qualified. For circumstance greatly aided the strong men who builded on this spot the second city in size in the United States; and the third greatest market in the world. A prophetic eye might have foreseen that the trade center of the interior basin of this country would be established here, had it taken a thoughtful survey of the continent and its future possibilities at the foot of Lake Michigan, a great waterway reaching to almost the measured center of the continent and of its developed productive power. Along it will be strung commercial depots, and at the most advantageous point will grow the greatest of them all. Rail and water lines, in the harmony of modern transportation, must fit into each other. But the railroads traversing this fertile territory are halted at the lake barrier. They must find their way around. The dropping of Lake Michigan, like a pendant from a chain, forces the traffic of the Northwest into a sweeping curve to obtain a free highway. The lower extremity of the lake must, by geographical and commercial necessity, at the point where the land and water systems meet, become the site of the great central city. And here the law of nature, aided by the energy and enterprise of man, has fulfilled itself.

DREAM AND REALITY.

An early chronicler of Chicago's greatness, Daniel S. Curtiss, said, in writing of the city in 1852: "There is perhaps no Western city which slaughters the number of cattle that Chicago does. The whole number of cattle slaughtered during the season was twenty-seven thousand five hundred; and the amount of capital invested about three—quarters of a

million dollars." lie boasted that the city then contained eight or ten brokers and bankers, thirty or forty forwarding agents and commission and produce buyers, and a large number of mercantile concerns. Grain exports of a little over seven and a half million bushels in 1855, and adding to that a manufactured product amounting to cloven million dollars, the prophet of Chicago's infancy exclaimed exultantly, "When to her present age of twenty years Chicago shall have added four new lustres, our readers, on reviewing the statistics grow before them, will smile at the insignificance of the numbers, however far beyond belief they appear to them now. Chicago, indeed, has a splendid and magnificent future."

We may smile at or with this quaint old fellow when the city has grown to such magnitude that its statistics fail to convey any definite idea to the ordinary mind because it cannot grasp them in their prodigious entirety. You handle four hundred million dollars worth of grain and provisions annually on your board of trade. Your receipts and shipments of flour last year were over fifteen million barrels, and of wheat more than forty million bushels. Of meat products you shipped over two billion pounds. Your manufactured products are valued at nearly a billion, your wholesale trade at more than a billion and three-quarters every year. One measure of this tremendous trade activity is the volume of bank clearings, aggregating in 1905 more than ten billion dollars.

CHICAGO'S CONTINENTAL POSITION.

These are some of the material results of the settlement and cultivation of the great interior area of this continent, for which Chicago is the chief trade center. The twelve States stretching westward from the Alleghanies north of the Ohio River contain one-fourth of the aggregate area of the United States, with one-third of its population. They possess more than one-half the wealth invested in improved farms and produce more than three-fourths of the food products of the country. In handling the vast exchanges arising from this production, Chicago has obtained her business and from it derives her growth. By the middle of the present century this country will have a population of more than two hundred million. The number directly tributary to Chicago as a central market should be equal, on the existing ratio, to the entire population of the United States at the last census. It therefore appears that the

growth of Chicago is in comparative infancy and her labors only begun.

The ambition of a city so placed commercially should be no less dignified and her policy no less comprehensive and intelligent than her demonstrated possibilities. If her position by nature and by her developing industry, is imperial, that should be matched by imperial efforts and ideas. For it is written in history that the man or the city or the state unequal to its opportunities shall die. It is not enough to enlarge the borders and to make such increase as is gathered here. Impregnable as your commercial position seems, true though it be that nature has given to "you guarantees for the future, it is as certainly true that if you intend to maintain supremacy you must still labor for it. You must keep your chiefship by service to the whole trade following. You must supply terminals and all other necessary aids to quick and cheap transportation, you must also guard, strengthen and increase all the forces that contribute to Chicago's greatest growth.

TRANSPORTATION FACILITIES INADEQUATE.

To-day the entire country is suffering for want of transportation facilities to move its business without unreasonable delay. The prevailing idea with the public is that the railways are short of cars, while the actual facts are that the shortage is in tracks and terminals. Formerly the new mileage added yearly was about four to five per cent, or, with the increased capacity of cars, enough to keep pace with the growth of the country's traffic. In recent years the traffic has increased at a much higher rate. For instance, between Chicago and New York it has doubled in about eight years while the facilities for handling it has not increased more than twelve or fifteen per cent.

From June 30, 1895, to 1905—ten years—the growth in ton mileage was one hundred and ten per cent. The growth in the mileage of railroads to handle that traffic was twenty per cent. There is where you stand to-day—you can see it in that brief comparison. There is where the whole country stands. The traffic of the country is congested beyond imagination. The commerce of the country is paralyzed, and, continued, it means slow death.

More cars? Yes, we need more cars, but we need also cars, of greater capacity, heavier trains and more miles of railroad to haul them over. In ten years the railroads of the country expanded twenty per cent for the handling of a business that increased one hundred and ten per cent. Suppose you are able in

the near future to increase that expansion fifty per cent. That will still leave forty per cent a year of the business without any facilities for taking care of it.

It is estimated that from fifty-five thousand to seventy thousand miles of additional tracks, including larger terminals, and other facilities, most of which, in the large centers where the greatest congestion now exists, should be provided to take care of the increase of business. The necessary terminal yards, right of way, bridging, docks and construction will cost from four billion to five billion dollars, or a thousand million dollars a year for five years. The country could not spare this amount from other channels. The means for the first and possibly the second year's construction might be provided, but there would be great difficulty in providing the entire sum. The total capacity of the rolling mills in the United States is about three million tons per annum, of which two and one-quarter million tons is required for renewals. It would take nearly two million tons a year for the proposed mileage. If the rails were piled up ready for the undertaking, and the money in the bank to-day, it would be impossible to get the labor to do the work. There has not been a question since the Civil War of as much consequence as this one.

You cannot contract with any road in Chicago to-day to move five hundred or a thousand cars to New York under penalty, within thirty days, and any railroad that would make the contract would probably be unable to deliver the freight.

The great cry is that there are not cars enough. The trouble is that you cannot get more than half the movement out of the cars that you could ten or fifteen years ago. Statistics show that freight cars run from twelve to fifteen miles or more an hour or say twenty-five miles in twenty-four hours. Think of it, using its cars only two hours a day. Is there any business in the world that can sustain itself when its equipment is in use only one twelfth of the time?

There is not enough money available to bring relief to this situation under existing conditions. Are men going to invest their money in railroads as long as railroads are considered outlaws? In the recent campaign we beheld the spectacle of one political party preaching the doctrine of ownership of the railroads by the Government. The Federal Government to run the main lines (the only ones that make any money nowadays) and the respective States to have the branch lines, there being no profit in their operation. The other party proposes to leave the title to the railroads in the hands of their owners but to run them

by a commission which is not responsible for the return on the investment. Is this the way to get more railroad mileage so that the country's freight can be moved ?

The country has to face a condition to-day which only time, patience and the expenditure of enormous sums of money will remedy. To discuss this condition further would take more time than we can give it to-night, and I will only say that there is no more important work for the general government than the early construction of a canal from St. Louis to New Orleans with a depth of at least fifteen feet. There is a crying need for such a canal, and, hearing in mind what has been said about the general and widespread want of railway transportation, the sooner the work is commenced the better for the country.

THE GREAT CENTRAL MARKET.

Geographically speaking, commercially speaking, indeed speaking in any sense except that of politics, Chicago's possibilities and therefore her duties are contained not in a rectangle with the forty-ninth parallel of north latitude for one side, but in a circle described from the southern extremity of Lake Michigan as a center. Place a pair of dividers with one leg on Chicago and the other at Key West, Florida. Then swing the latter to the northwest and it will not reach the limit of good agricultural land. There is the field for your labors. Nature knows no political parties, no race exclusiveness, no division of territory by artificial boundaries. The very law of nature that demanded and decreed the rise here of one of the great cities of the world, incorporated in her charter the condition that she should not be smaller than her opportunity or fall below the level of her trust. There is, therefore, another trade field to which you are especially invited by self-interest. He who calculates the future of Chicago as "The Great Central Market," as you have truly and happily called it, without including in his estimate the great and growing and rich country across our northern boundary, is like one who should start an insurance company without consulting an actuary's tables. In the relations between these neighboring people no one has a larger interest than you.

COMMERCE, NORTH AND SOUTH.

We are digging a canal across the Isthmus of Panama at a cost of no one knows how many millions of dollars before it is finished; and we are digging it in the name of commerce. In as far as this may confer upon our Southern States and cities the

trade benefits which they hope, it is well. The nation has not done much for them, comparatively, in late years, and they are entitled to some share. But let us keep our ideas adjusted to a true perspective. This laborious and costly enterprise will assist not only our trade with Brazil and the thriving eastern divisions of South America, but with the little fringe of country between the Andes and the Pacific Ocean. The non-savage people living south of the equator constitute less than six per cent of the population of the world, and these the least enterprising of the whole. The countries of South America bordering on the Pacific contain about eleven million people, or about three-quarters of one per cent of the whole, and have a total commerce of about \$190,000,000, of which only \$27,631,853 came to us in 1905. This is almost exactly the same volume as our trade with the states of Central America. Our commerce with the Dominion of Canada is over \$200,000,000 annually. Our commerce with the entire South American continent is scarcely five million dollars greater. Let us by all means build up trade with South America if we can, even at some considerable expenditure. But let us keep our mental balance. Let us not forget that in North America, on the line of Baltimore and St. Louis, lies an immense fertile area extending northwest as far as the fifty-fourth parallel. Shall we cultivate the comparatively unproductive field on the west slope of the Andes and leave this inviting expanse unfilled? Let us for a moment drop political theories and all the prejudices and preconceptions trailing after them, and look at the situation as a plain business problem. North of us lies a country of enormous possibilities for development, inhabited by between five and six million people. It has nineteen thousand miles of railways, with several other great projects actually under way. It has a foreign trade of only a little short of half a billion dollars per annum. Its capital invested in manufactures is over four hundred million dollars, and the value of the product is four, hundred and eighty million dollars. Its people have deposited in their savings banks eighty-two million dollars. It has achieved this growth without outside aid, exactly as the United States has grown, by virtue of its inheritance of fertile land, rich mines and noble forests, and by the industry and integrity of its people. And it is only at the beginning of its development. Its unworked resources are immense. There is land enough in Canada, if thoroughly tilled, to feed every mouth in Europe. There are more than a quarter of a million square miles in each of two Northwest provinces, and there are a quarter of a billion

acres of timbered land in the Dominion. This is a neighbor to be taken note of.

INTEGRITY OF INTERIOR AMERICA.

We come now to the plain question, amazingly simple when severed from politics, why this country and our own should not be commercially as one. We have seen what the great central valley of this country is to the nation and to Chicago. Fancy it possible to have that most precious national possession in some way duplicated. How the national imagination would exult in the addition to our business and in the new prosperity to come from the new heritage. Yet that is substantially what unhampered trade relations with Canada would mean. The certain fate and fortune of this adjoining country, so similar in physical characteristics, so identical in language, customs and usages of trade, is to be developed by a series of common agencies working in uniformity. It may require years; you or others may reap the harvest of gain. But there is an integrity as it may be called, a oneness and a plan in American material development as indivisible as the very surface of the land reaching as far north as the limit of human settlement. The same natural conditions that fixed your city here and fostered its amazing growth are at work, in other ways, to dictate American commercial unity. It may be postponed, to the certain loss of both parties. It cannot be defeated ultimately. Therefore the only question remaining, the question which I wish you to consider seriously to-night and after tonight, is whether you shall follow nature's directing finger and contribute your share of effort and reap your share of the reward.

ARGUMENT FOR RECIPROCITY.

It would be well to have done with the catchwords and the shopworn platitudes that cluster like barnacles upon the argument for and against reciprocity. It is true that the wisest minds in both countries, when broadened by large experience, have almost uniformly confessed the need and the benefit of reciprocity as a proper condition for modern trading. But in this special case the plea for more liberal trade relations is negatived only by unreasoning individual selfishness. - Hold political considerations aside, consult the interest of the whole community and determine this matter of business by business principles. The conclusive argument for reciprocity with Canada always has been and must be the experience of the several American States. Had it not been prohibited by the Constitution, each State of the

Union would speedily have levied a duty on all commerce crossing its boundaries. Even with the enlightenment of our own past behind us, it is most probable that, if this prohibition were removed, not many years would pass without some such restrictive legislation by certain of the States. Yet all acknowledge at this moment that one great factor in the development of the United States and its wonderful progress has been the commercial elimination of State lines. Unrestricted trade between the States has favored all of them.

Now, whether this argument does or does not apply to our relations with European countries, different in history, in trade customs and in material circumstance, it does apply to our northern neighbor, so nearly allied to us in natural conditions and in mode of growth. Canada is merely a portion of our own Western country, cut off from us by the accident of original occupation and subsequent diplomatic agreement. The Canadian Northwest is much like the American Northwest of twenty-five or thirty years ago. The proof that it would profit both her and us to draw closer the commercial tie is written in the history of the soil on which we live. And the difference of political constitution and the fact of other allegiance are irrelevant when we are considering the material future of the great integral productive area of North America; the one field whose development will be most rapid and complete when most homogeneous. Whatever a man may think about the respective merits of protection and free trade in the abstract, he should be frank enough to admit the propriety and the value of reciprocity as a matter of practical experience on this continent.

Whatever commercial policy confers the greatest benefits on the whole continent will best advance the various parts, and this city would at once receive and confer inestimable benefits under a more liberal trade convention. The Dominion will, in any event and under any system, be opened up and highly developed. With her vacant spaces occupied and all her industries humming at the demand of new population, why should not her business and ours be transacted by agencies that work with the highest efficiency and at the lowest cost? Already demand and supply have forced a relaxation of tariff rivalries which permits the wheat of Canada to be brought into the United States, milled in bond and the Hour exported without payment of duty. Wherein could any farmer suffer by the complete opening of a market already thus extended, since the price of his grain in any event is fixed by the surplus for export and the quotations of foreign

markets? In ten or fifteen years, according to present indications, the United States will need every bushel of its wheat product at home. Would it then be disadvantageous for us to share in the products of the fields of Manitoba, Alberta and Saskatchewan?

WATER WAYS AND MARKETS.

Canada has already one transcontinental railroad system. Others will soon be added to her transportation equipment. She has a system of waterways which is justly her pride. On this she has spent nearly one hundred million dollars. The St. Lawrence system of canals furnishes forty-three miles of artificial channel to reinforce river and lake. The Welland canal completes the chain. The most ambitious project, and one in which every lake city has a stake, is the proposed canal from Lake Huron to the St. Lawrence River direct. Engineers have examined the scheme and pronounced it feasible. This ship canal would extend from Georgian Bay by way of Lake Nipissing and the Mattawa and Ottawa Rivers, reducing the distance from Georgian Bay to Montreal to four hundred and thirty miles. This is nearly three hundred miles less than the present route by way of Lake Erie and the St. Lawrence River. "What would it mean to Chicago were such a canal constructed with a depth of twenty feet as planned, so that vessels could load at your docks and sail direct for Montreal or Quebec and bring ocean-going ships practically as near the upper lakes and the West as Buffalo is now? Your packing house products could be loaded in Chicago on specially constructed ships and sent direct to any ocean port in the world. Your grain could be delivered alongside ocean ships at Montreal or Quebec for little more than it now costs to Buffalo. Can any practical mind fail to grasp the vast possibilities waiting upon harmonious action upon both sides of this boundary line which worries and taxes commerce now, but which will not forever defeat or impede it.

The manufacturing interests of both countries are the first to raise the alarm. It is without rational foundation. Whatever either country may think it has to guard against with respect to those of the Old World, there is no danger here. We have as much reason to dread Canadian competition as Pennsylvania has to cry for protection against North Dakota. Canada would be as much endangered, no more, as Montana is by the competition of Ohio. Iowa, which stands first of the States of the Union in value of agricultural products, has risen to seventeenth place in manufacture, with a gross product of

over one hundred and sixty-four million dollars in 1900, without a tariff against New England. It is already demonstrated that the opening of markets on both sides of the northern border would improve industrial conditions north and south. Our home market is big enough to feel no injury from contributions to supply from the manufacturing industry of Canada. And that industry, instead of finding itself crippled by American competition, would enlarge immensely its trade field, while finding relief from the terrific competition created under existing conditions by the policy of American concerns that throw their surplus on the foreign market at prices scarcely above the cost of production. Already many of our industries are being forced to build plants in Canada. A few years ago there was not a smelter on Canadian soil west of the Rocky Mountains. Today there are six in British Columbia, and these are largely occupied with the reduction of American ores. Commerce will go her own way even though she must walk in leg-irons. Why not strike them off and permit her to pursue her journey freely to its end?

The two countries complement and aid each other. The demand for white paper has practically wiped out our supply of pulp timber. Canadian forests can fill that want for an indefinite time to come. The farmer of Canada would profit by access to a larger market where good prices could be obtained for his grain, meats, dairy produce, wool and other products. There is a demand for it. And the American farmer has nothing to fear, for the time is near at hand, and in many particulars has now arrived, when the home demand is greater than he can supply. Reciprocity would become a more and more valuable privilege to both buyer and seller as population grows. As it grows each has more and more need of the other.

TIME FAVORABLE FOR RECIPROCITY.

The time is opportune for a practical movement toward better trade relations with Canada. During her infancy Canada was always anxious for freer relations with her southern neighbor. After she had been shut out, forced to rely upon herself, she carried forward plans for self-development that have fostered a feeling of independence. Canada no longer comes as a suppliant and never will. There has been increasing irritation toward our attitude, and already the fact that our average tariff on dutiable articles coming from the Dominion to us is forty-nine and eighty-three hundredths per cent, while that levied by Canada on dutiable goods coming from the United States is twenty-four and eighty-

three hundredths per cent, causes comment and suggests reprisals, The situation is not unlike that existing between Great Britain and the American colonies before the revolution; and every turn of the tariff screw by the United States merely creates exasperation and hardens a determination to achieve industrial independence even though it be purchased at the cost of industrial isolation. Each year has seen lately a diminution in the Canadian desire for reciprocity. It is still possible largely because of the downfall of the Chamberlain policy in Great Britain. Had that been ratified, had England really granted to the colonies a preference in her markets for their products, based on reciprocal advantages, this country would have felt the double thrust in a decline of business with its greatest and its third greatest customers on two sides of the Atlantic. The defeat of the plan has not greatly disappointed the dependencies, but it has assured them that for the present they must seek commercial alliances elsewhere. It is, perhaps, the time when reciprocity with Canada may be considered with more favor than it ever can be again, For no man who understands industrial conditions in Great Britain will believe that the issue raised by Chamberlain is permanently settled, or that unrest and distress there will not at some future time bring it again to the front with better prospect of success. The Canadian export trade to the United Kingdom, which rose from \$3,544,000 in 1866 to about \$110,000,000 in 1904, is not to be too lightly regarded. On our side, next after Great Britain and Germany, Canada does more business with us than any other country in the world. John Charlton, M. P., has well stated our superior claim in these words: "The supposed British preference is sentiment; American reciprocity in natural products is business." It remains for business men in both countries to take hold before it shall be too late. What is the first practical step? No one can go into this matter, dismissing bias and self-interest, without believing that the consummation most to be wished is the wiping out of custom houses along our northern frontier altogether, and the establishment there of absolute free trade. It is the suggestion of natural law, of business interest, of the common good. If the time be not ripe for that, the least that it demands is a policy and a measure of ample reciprocity. There cannot be even a beginning until we shall have fixed in our minds the desirability of a free interchange of natural products and raw materials, giving to the New England manufacturer his fuel and to the farmer of the Western plains his lumber and to the makers of newspapers everywhere their print paper free from the exactions which a needless

tariff now permits monopoly to impose. From this as a beginning work may go forward toward larger liberty by an enlargement of markets and a progress of public sentiment that reciprocity, once in operation, will assure.

CREATE PUBLIC OPINION.

The beginning of all reform or progress in public policies in a republic is the creation of an intelligent public opinion. To this work the friends of reciprocity in the United States should address themselves. Already the people of New England are clamoring for a more generous trade relation. Along the whole tier of States adjoining the Canadian boundary line, covering precisely the territory when reciprocity would be most bitterly opposed if this country had aught to fear, because there its effects would be most severely felt, it is in popular favor. The lack now is of intelligent leadership; of a strong center of agitation; of a community powerful enough to make itself heard and felt. What other city has a greater stake in the issue than Chicago? From what other center should the influence go forth to consolidate the trade of a continent? Of all the splendid opportunities which have fallen to your lot and been seized with a keenness and vigor that have made you what you are, none contains more alluring possibilities, none deserves to take precedence of this. It is your open door to a traffic such as no empire of the past could ever have hoped to boast. It is your passport to a commercial rank higher even than you have coveted.

A clear thinker from one side of the line, Mr. Goldwin Smith, has stated the whole question in these plain words: "The present issue is not between the general question of protection and that of free trade; it is between the division of this continent by a tariff wall and the free circulation of its products." A man from this side whose name is familiar to you all, Mr. Henry B. Fuller, without having this issue in mind, struck the key-note for your city. He says: "All the best and most strenuous endeavors of Chicago, whether practical or aesthetic, whether directed toward individual improvement or toward an increase in the associated well-being, may be broadly bracketed as educational." Here is a field for an incalculable advantage to our great open market, stimulating ideas and the enlargement of borders; both fellowship and prosperity. The establishment of the most generous trade relations between the United States and Canada would place Chicago commercially and geographically at the center of the mightiest producing and trade region on the globe. It must give to Canada

the incalculable advantage- to our great open market, stimulating her growth in all directions as the whole circulation spreads new life through the body when bandages that have swathed limbs and compressed the arteries are removed. It must enhance the greatness and the wealth of the United States by the addition, in all but political relation, to our working body of a population of nearly six million people, as industrious, moral and sturdily bent upon the development of their great resources as any in the world. It would mix to the finest temper and unite in due proportion those elements of world traffic whose fusing and blending are going on before the eyes of this generation. It would read a new moral into the lessons of history by its evidence of the capacity of the English-speaking races to combine in essentials, however they might differ in details, for the work in the world that has been allotted to them as their share and the price of their leadership. Nor could it fail in slower and more permanent ways to foster the growth of that sentiment of human kinship that drifts toward the unity of human effort and aim and sympathy which is the ultimate purpose and last event of the life of man upon this earth. The cold direction of business interest, the promptings of a worthy civic ambition and the high command of a large and sure philosophy of life and its labors seem to unite in urging you to win by this path a way to your own most enviable future; and to your due participation in the achievement of a destiny larger than states and cities, working toward its goal through the lives and labors and all the manifold relations of human kind.