

Protection in Canada

By Dr. Andrew Macphail, of McGill University

(In the International Free Trade League Magazine)

Protection in any country is a government of the government. It creates a class bound together by self-interest alone, armed at all points and ready for instant action against any party which threatens to curtail its privileges. It is without political creed, without principles, without private or public honor, unless indeed the mutual fidelity of a band of mercenaries may be considered as an honorable sentiment.

This power to destroy a government which is suspected of designs upon the system was never so clearly displayed as in Canada on September 21, 1911. In 1896, the Conservative party went to pieces by internal dissensions. For eighteen years it had governed the country with the consent and aid of the protected interests, until it became to be of any further service. The Liberals, who, at a convention in 1893, declared themselves hostile to protection, were returned to power. Nothing could be more specific than their formal profession, "that the existing tariff, founded upon an unsound principle, and used, as it had been by the government, as a corrupting agency wherewith to keep themselves in office, has developed monopolies, trusts and combinations; that it has decreased the value of farm and other landed property; that it has oppressed the masses to the enrichment of a few; that it has impeded commerce; that in these and many other ways it has occasioned great public and private injury, all of which evils must continue to grow in intensity as long as the present tariff system remains in force; that the highest interests of Canada demand a removal of this obstacle to the country's progress by the adoption of a sound fiscal policy, which, while not doing injustice to any class, will promote domestic and foreign trade, and hasten the return of prosperity to our people; that to this end the tariff should be reduced to the needs of honest, economical and efficient government; that it should be so adjusted as to make free or to bear as lightly as possible upon the necessities

of life, and should be so arranged as to promote freer trade with the whole world, more particularly with Great Britain and the United States." And yet, although the Liberals remained in power until the year 1911, the best they were allowed to do was to reduce the tariff by $2\frac{1}{2}$ per cent. At the same time, by the free use of subsidies and the enactment of "anti-dumping" laws, the apparent reduction was really an illusion. The surrender to the protected interests is known in Canadian politics as the "betrayal of 1896."

Farmers' Revolt

At length the farmers of the West broke out into revolt. They demanded that the government seek free entry of the natural products into the United States, even at the cost of admitting similar products free into Canada. At the same time, the consumer in the United States, oppressed by the high cost of living, demanded of their own government that Canadian food should be admitted free of duty. Accordingly, on January 26, 1911, identical schedules were submitted concurrently to the House of Representatives in Washington and to the House of Commons in Ottawa. After much discussion the schedule was accepted by the American Senate; but the opposition in the Canadian Parliament was so violent that the government decided to dissolve and appeal to the people.

They had every reason to assume that the appeal would be successful. For fifty years, namely, from 1846 to 1896, Canada had made a continuous effort to gain entrance into the markets of the United States. Both parties made "Reciprocity" their policy. It had a place even in the tariff law itself and elections were won upon the issue. It cannot then be affirmed that the idea of an enlarged trade with the United States was unfamiliar to the electorate; nor had anyone suggested that such trade, even under a formal treaty, was undesirable or fraught with national

peril. The measure was conceived solely in the interests of the United States. The intent was that the people of both countries should, as in the past, purchase goods where they pleased, and pay to themselves such duties as seemed good to them. Although this legislation happened to be concurrent, each community was free to adopt or reject the proposal, and after it had been accepted, to terminate it summarily for any reason or for no reason at all.

The Rulers' Dictum

There was one factor, however, with which the government did not fully reckon. It was this imperium in imperio, the Protective system. The government was careful not to touch its interests, and left the schedule entirely free from any manufactured article except agricultural implements, on which the duty was reduced by $2\frac{1}{2}$ per cent. But the alarm was sounded. It was contained in an address to the electors by a manufacturer who, on a previous occasion, had declared himself to be an "ardent protectionist." "This agreement," he declared, "if ratified, spells the ultimate downfall of Protection in Canada." "There is to be Free Trade," he protests, "for half the community, and Protection for the other half." How long, think you, can such conditions last? Will the farmer consent to go on paying protection prices for what he consumes?

That was the head and front of the opposition to the proposal, namely, to postpone the ultimate downfall of Protection in Canada. Everything else was subsidiary and merely a question of method. The naked truth is that the government was defeated by the charge that all who dared to support it were, in posse or in esse, disloyal. And this monstrous stigma, that loyalty to the King is inseparable from loyalty to protection has been affixed to the 616,948 persons who voted for the measure and formed 48 per cent. of the electorate. But the simple ruse succeeded, so that

now, the farmers, who, for the past forty years, have been paying "Protection prices" by being forbidden to buy in the United States, are now forbidden to sell, although they form 70 per cent. of the community.

The Loyalty Bogey

With one voice an organized cry was raised from the Atlantic to the Pacific that freer trade meant annexation to the United States, that we were "selling our birthright for a mess of pottage," that we were about to become "hewers of wood and drawers of water," "satellites" of Washington, and "pensioners" for a short existence upon the mere whim of the United States. And yet, when the people come to realize that their dearest emotions were played upon by fears which had no foundation, by hatreds and fantasies which were fabricated for a base purpose; when, in short, they come to suspect that they were made the victims of a delusion, they will look with fresh eyes upon any proposals for freer trade which may be submitted to them.

The whole incident proclaims the truth that the fundamental objection to a protective system is not the dissemination of the delusion that internal competition will regulate prices, that trusts and combines lead to efficiency, that the money which circulates in the home market is more desirable than money which comes newly from the foreigner, that a tax which is paid to a manufacturer is as useful as if it were paid in to the public exchequer; not even the excellent argument that it paralyzes industry, leads to the corruption of public life, the silencing of the press, the degradation of Parliament, the debasement of the law courts, and the debauching of society; but that it hands over the legislative and executive functions of the government to a hard and selfish class which is actuated, not by any desire for the public good, but solely by the greed for pecuniary gain.

The Mail Bag

AGAINST THE CONTRIBUTION

Note.—The following letter, giving the other side of the naval question, appeared in the Toronto News of December 12:—

It has been said that there are two sides to every question. Bearing this in mind, and having just read carefully your extended report of Mr. Borden's speech, it occurs to me that it might be useful to present to your readers the "other side" of the question. I have neither the time nor the inclination, at present, for any extended presentation of the case; I shall therefore merely offer a few general remarks which may suggest fruitful lines of thought to those so disposed.

1. The contribution towards naval defence which Mr. Borden has proposed is based, first, upon the fact that Great Britain's supremacy at sea is being challenged or threatened; and, secondly, upon the assumption that such supremacy must be maintained at all costs. In this connection I submit the following thoughts: Is not Great Britain's determination to dominate the seas, together with her refusal to agree to the proposal made at the last Hague Conference that private property at sea shall be immune from capture during war, the main cause of Germany's naval activity, which, I take it, is the cause of Britain's "extraordinary" naval program? Further: Is it desirable that British supremacy at sea shall be maintained? Does it not savor of an arrogance that is bound to provoke resentment and reprisals? Further: Is it possible to maintain such supremacy, even with the aid of the so-called "Over-

seas Dominions?" Further: What escape is there from the terrible and rapidly increasing burden involved in vast modern armaments but a disposition on the part of so-called Christian nations to display a little Christian spirit at great international conferences, and, if necessary, make some sacrifices for the cause of peace and disarmament? Is it either desirable or possible that the British Empire, by superior brute force, shall overawe the rest of the world and compel peace? Is there anything either in history or in human nature to justify or make possible the realization of such a dream? Our proposed contribution towards the Imperial—or, to be more accurate, the British navy, is being justified as advancing the cause of world peace. I question whether it will not be regarded as an offensive and arrogant taunt; and, further, whether it is in human nature to quail before the implied threat. I question further whether there is one iota of Christian spirit exhibited in the whole business.

2. Important considerations for all the Canadian people arise out of the fact that the proposed \$35,000,000 will be paid out of the Federal Treasury and hence collected mainly by tariff imposts. The increased demand for funds will have to be met by an increased supply, which must either be borrowed or raised by taxation. If borrowed the interest must be paid forthwith and the principal in due time, if raised by taxation then the Government has a logical argument for hoisting the tariff or so levying duties as to secure a maximum revenue. Those who benefit from tariff protection will there-

fore find, in the naval contribution, a source of double satisfaction—the satisfaction of national pride or, if you like, patriotism; and the further quite unique satisfaction of discovering that the naval contribution, instead of increasing their taxes, puts from 50 to 100 millions in their pockets. Under these circumstances the Canadian farmer who will have to pay not only a large share of the 35 millions, but also thereby deposit quite incidentally—a much larger sum in the pockets of "Big Business," the Canadian farmer, I say, may be excused if he does not join very lustily with certain "prominent" "business" men in protesting his devotion to the "Glorious Empire of which we form a part." As to his genuine loyalty to British institutions and the Motherland, his record and his acts speak loudly enough. I trust that you will find space in your paper for the publication of this letter.

W. C. GOOD.

Brantford, Dec. 11, 1912.

WOULD GO INTO POLITICS

Editor, Guide:—A great many letters have appeared in The Guide lately, on one subject and another—some mere rot, some very good. But why all this talk and bluster? Surely some action is needed, now, and at once. Some of our wise leaders throw up their hands and say keep out of politics. Why? Probably could we have a look at the Liberal and Conservative expense accounts we would find the answer there. It's funny, for the farmers to talk politics it spells ruin, to others spoils. Fellow farmer, burn that bungalow and go into politics heart and soul if you ever expect to

better your condition. You may pay your dollar dues till doomsday, as you are doing it now, and the only result will be that you will show those interests who know the value of political organization how weak and easily led you are. Let The Guide throw its columns open to a discussion on the methods of grading the farmers' grain. A few kernels of smut, a few oats, a few weeds, so on, in your wheat—result—probably rejected. Who are the judges for the farmers' products; are they farmers? It's so framed that it is almost impossible for the farmers of the West to raise No. 1 Hard wheat or oats. A little while back a survey board was appointed for Calgary, two of the members were former farmers, the rest from the Board of Trade, Calgary. Is this justice? There is no other class of manufacturers who call in outsiders to tell them what their standard of manufacture shall be except farmers. I believe, Sir, should we set about to remedy those evils we would gain something for the people now alive instead of chasing some of the will-o-wisp fads that have been advocated, which may be finally adopted a hundred years after we are dead. Fellow farmers, cease asking. Demand an honest deal, go heart and soul into your subject, make it a point that your vote counts. You may be called an agitator, but even so, you stand a chance of enjoying some benefits while you are yet alive.

AUSTIN DRONEY.

Holden, Alta.

SPECULATOR AND FARMER

Editor, Guide:—I see in your paper, The Guide, that you are advocating the Single Tax. As we now have the Single

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