

PRIME MINISTER'S OFFICE

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Subject.....

Date.....

Our policy with reference to the tariff is to use the tariff as a means of getting revenue for the country.

We can only expect to raise a small part of that revenue by direct taxation. We will for many years to come have to raise revenue through a tariff. We believe that that tariff can be arranged so that it will bring in the revenue needed along with other forms of direct taxation and at the same time give all that is necessary in the way of adequately safeguarding industries in this country which have an established business and a right to such assistance. We believe that the tariff should be studied carefully by men of expert opinion, and that there should be on the Tariff Board some woman of experience in the affairs of the home, who can speak from the women's viewpoint. We purpose to have an advisory board which will have on it representatives of business, manufactures, agriculture, labor and of the women of the country to advise the government with respect to tariff changes, the government taking the responsibility of bringing into the House such changes as they think essential.

We intend, when we are returned as I have said, to have this party give its opinion to the administration. We will give to Parliament the views that are given to us, and our legislation will be in the light of the opinions expressed.

When Laurier Came Into Power.

I will now deal with the position of the Liberals with regard to the tariff. There is a curious parallel between conditions today and conditions as they were when the Liberal government came into power some years ago. In 1896 when Sir Wilfrid Laurier was returned to power, business in the country was depressed. All over Canada there had been hard times, men were out of employment, with factories closing. The Tory party of the day had submitted protection as a panacea for the ills. It started back in 1879 for the purpose finding home markets for the products of the farms and the output of the factories just coming into existence.

They still talk high protection, but the people had been trying it for years and it doesn't work. So the people decided to make a change, and made a change in 1896, Mr. Fielding was appointed Minister of Finance. In 1897 he brought in a budget providing for a lowering of the duties on agricultural implements, and on the necessities of life. He took that amount off taxation, because a tariff is a tax; he took off quite a slice of this taxation, and what was the result? The result was that business began to pick up,

factories began to increase their business, one industry after another opened, prosperity began to develop more and more. As you look back on it now the period from 1876 to 1911, during the time the Liberals were in office, stands out as the golden era of prosperity in this Dominion. (Applause).

The British Preference.

There was another step taken with regard to the tariff at that time. Mr. Fielding introduced what was called the British Preference. Let me explain to young voters what this means. Take Charlottetown for instance. It is trading with a country round about. Farmers come in with their goods. Merchants sell to them. Suppose you put around Charlottetown a wall with a few gates and at every gate have somebody stationed to collect a tax. Before you can sell your things inside of Charlottetown you must pay this little tax. To the price of the article you are selling you add so much to the tax. Thus you would have a tariff

wall around Charlottetown. In the same way there is a tariff wall around the country whereby before any goods can come into the country to be sold, the seller will have to pay a certain sum of money to the country, otherwise known as duty, and this is added to the cost of the goods. This tariff tends to raise the cost of living, and shuts out competition. That wall should only be high enough to let us get what we need in the way of revenue without putting it so high nothing can come in.

In introducing what is known as the British Preference Mr. Fielding and Sir Wilfrid Laurier said, "when goods come to Canada from England, Ireland or Scotland we won't charge as much tax. We will give them a preference. We will lower the duties on certain goods. They introduced that system of lowering the duties towards British countries, and it has expanded now so as to include some of the sister dominions. The reduction of duties has been to the extent of 15, 25, 33 1-3 per cent, and in a large number of cases 50 per cent. In the first place this preference helps to build up the British Empire itself, encourage trade, and to keep prices reasonable in our own country. We produce the things we are best able to produce, and buy the things we are least able to manufacture ourselves. England never put any wall up against us, she lets us go in and sell there as her own people sell.

Mr. Meighen said if he had his way he wouldn't allow England that preference in our markets unless she put up a tariff wall against other

W. L. Mackenzie King Papers

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