

Reciprocity is the natural outgrowth of our wonderful industrial development under the domestic policy now firmly established.

The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. Commercial wars are unprofitable. A policy of good-will and friendly trade relations will prevent reprisals. Reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not.

If perchance some of our tariffs are no longer needed for revenue, or to encourage and protect our industries at home, why should they not be employed to extend and promote our markets abroad?

But the politicians would not heed such advice. An appeal to pride, self-sufficiency and splendid isolation constituted a good election cry for the Republican or the Democratic party—a winning slogan in the general elections of a nation whose commercial achievements, whose wonderful industrial progress and abounding prosperity had created the belief—the delusion—that it did not need to depend upon anything outside of itself for its continuous progress and prosperity.

It is no idle guess that even the man in the street is now gradually, if slowly, working himself out of the auto-intoxication in which he has been induced to indulge for many years past. Nor can it be seriously doubted that the Republic is to-day realizing that its tariff, especially that of 1930, has already caused incalculable damage to its trade and commerce. Such a policy has brought about, or will soon bring about, universal retaliation and reprisals from the rest of the world. In the words of President McKinley, "Can the United States repose in fancied security, and think that they can for ever sell everything and buy little or nothing?" "Can they believe that if such a thing were possible it would be best for them, or for those with whom they deal?" Can they maintain the standard of life in their country unless that of other countries is also maintained, or uplifted?

Dislocation in world trade, finance and industry has brought about the present depression and ruin. As an example of this dislocation I may mention the fact that to-day the banks in Germany are exacting a minimum interest on loans of 8 per cent, whilst across the border, in Switzerland, depositors have to pay the banks to accept their deposits. This distorted conception of business is even manifest in different States of the American Union, in the attempt made therein to carry to the limit the "buy-at-home" practice of trading and keeping the money at home. I will mention but two instances. Among a large number of the citizens of the State of Illinois, and in its newspapers and trade publications, and even in legislative

proceedings, there is an attempt to enforce the idea that the State of Illinois should buy nothing produced in other States which is or can be produced within its own borders. Another instance: the State of Pennsylvania has found it expedient or necessary to incorporate in its laws the following provision:

It is unlawful for any administrative body of the State to specify for or permit to be used in or on any public building or other work erected, constructed or repaired at the expense of the commonwealth, or to purchase any supplies, equipment or materials manufactured in any State which prohibits the specification for or use in or on its public buildings or other works, or the purchase of supplies, equipment or materials not manufactured in such State.

This is the idiotic policy or practice which nowadays governs the economic relations of the nations of the world in their futile attempt to create or maintain prosperity at home, whilst injuring or destroying it in the other nations. History has shown, especially during the last half century, that once high protective tariffs are resorted to they develop irresistible momentum, not only within the nation which erects them, but beyond. Intended to protect infant industries, to foster some occupation of supposed national necessity, the list of beneficiaries inevitably widens and lengthens. If one group can benefit from a tariff wall, other groups insist upon similar treatment. So instances become general, and everyone thinks that he has a prior right to the home market. Domestic producers claim virtually the whole of the home market, and thereby stand in the way of foreign commerce. So the world is divided and subdivided into tariff sections. The instrument has become more and more blunted and hard; rate schedules, imposed quotas, licence fees, systems of restrictions and exclusions, reprisals, and even embargoes, have been and are being ruthlessly, savagely employed.

This is how the thing works out. Protection is granted to a manufacturer for the establishment of an industry, or maintenance of one that may be almost new or more or less advanced in age and stability, and the result is a raising of prices to the consumer. The cost of living, consequently, goes up. Because of the increased cost of living the labourer demands and receives higher wages. Then the manufacturer demands more protection, on the ground that his cost of production is becoming heavier. Up goes the tariff, and with it the cost of living. Thus at every turn, the consumer is squeezed tighter, while the labourer gains little or nothing, for the raise in his wages is absorbed by the increased cost of living. At the same time the manufac-