

THE U. S. TARIFF AND RECIPROCITY.

The Government's Attitude on the Trade Question.—An Exposure.

THE Conservative party has issued from its distribution office at Ottawa, a pamphlet relating to the Tariff. "**Canadian markets, Canadian autonomy and Canadian Fiscal Independence saved by the Conservative Party**" appears in large type upon the cover, and in smaller type "**Repudiation of Trade agreement with Washington further justified by the letters of Mr. Taft and Mr. Roosevelt, by reductions in United States Tariff and by comparative Canadian and United States prices.**" One would naturally expect to find within the pages of this document some justification of these assertions; oddly enough, the contents, upon careful reading, disclose the very opposite of what it purports to prove.

The question of trade between Canada and the United States, whether it arises from a change of existing duties under reciprocal agreement or from independent alterations of its tariff by either country, necessitates a consideration of consequences from three main points of view: 1. the political effect; 2. the effect upon producers; 3. the effect upon consumers. This pamphlet purports to make a comparison of conditions as they might have been under Reciprocity, and conditions as they have come to be in consequence of the Wilson-Underwood Tariff. What does it show?

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Political Considerations.

Take, first, the questionable "adjunct" letter of President Taft, which is quoted: "Meantime the amount of Canadian products we would take would produce a current of business between Western Canada and the United States that would make Canada only an adjunct of the United States. It would transfer all their important business to Chicago and New York." Logically this quotation should be followed by statements and arguments to show how this "current of business" from the north to the south had been prevented. Instead the pamphlet is mainly devoted to showing that a very material increase in the "current of business" from north to south is the great benefit to be derived by Canada from the lowering of duties under the Wilson-Underwood Tariff; and this result is hailed as a triumph due to Conservative astuteness. The pamphlet thus proclaims the party victory through the defeat of Reciprocity in 1911.

"The Liberal-Conservative Party in 1911 predicted that if Canada simply maintained her position and her policy she would get for nothing what the Liberals wanted her to buy, and they held that the United States was sure to lower its very high tariff anyway."

The statements quoted are followed by tables containing lists of articles made free of duty on entry into the United States under the new Tariff.

But what of the Conservative position in 1911? It was the danger to be apprehended from an increase of trade from north to south which was dwelt upon to the exclusion of all else; it was this very "current of business" between Canada and the United States which Mr. Taft said would make Canada "only an adjunct of the United States" and which Conserva-

tive politicians said would "lead to annexation." The channels of trade, they said, should be East and West, not North and South, and in this, for very obvious reason, the politicians were supported by the railways.

But if increase of trade between Canada and the United States from north to south was politically injurious to Canada under the terms of the Reciprocity agreement, how much more injurious politically should prove the results of the Wilson-Underwood Tariff? Now the change is all one way, all the letting down has been on the one side only without corresponding or other reductions to help maintain the balance. Reciprocity, with its reductions in the Canadian Tariff, would at least have afforded some offset to the tide which may now flow too precipitously the one way, and so have helped to postpone the evil hour of annexation, and the break in British connection, which according to Tory prophecy is to follow the outpouring of Canadian trade into the United States. The Conservative party, if it is to be consistent in its loyalty, and really believes what its leaders said in 1911, should immediately place export duties on all articles affected by the reductions in the American Tariff. The only alternative policy to save the situation is to so lower Canadian duties that at the worst the balance of trade may be kept at least where it is. But a change of this kind would be *Reciprocity* and Reciprocity is professedly abhorrent to the Tory mind!

The truth is that this one-sided reduction of the Tariff by the United States with regard solely to its own interests and without thought of the possible consequences to Canada, has rendered imperative a consideration of the Canadian Tariff with a view of effecting economic re-adjustments which had been carefully considered under the proposed Reciprocity Agreement in the making of which Canada had a voice. In the shaping of the Wilson-Underwood Tariff, Canadian interests, save in so far as they further the material ends of the United States, have been wholly ignored.

But to return to the Conservative pamphlet, and, as it suggests, look at its tables: They are three in number headed as follows:

(1) Articles free by reciprocity agreement which are free by the new United States Tariff.

(2) Articles not mentioned in reciprocity agreement which are to be made free by the new United States Tariff.

(3) Articles taxed by the Reciprocity agreement and made free by the new United States Tariff.

These three tables, it will be noted, have one feature in common, they all relate to articles which are *made free by the United States Tariff*. That means, of course, free of entry into the United States. One can understand tables of the kind finding a place in a trade pamphlet of the Liberal party, because the Liberals have consistently advocated *wider markets* as an outstanding feature in Liberal policy, but it is difficult to see just how they can find a place in a pamphlet designed to show that the defeat of Reciprocity was a national blessing.