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PREFERENTIAL TRADE.

On the 15th day of May, 1903, in a speech delivered at Birmingham, England, the Right Hon. Joseph Chamberlain, Colonial Secretary, made a new departure in British politics by openly advocating reciprocal preferential trade between Great Britain and her colonies. This speech was the combination of a series of events which have taken place since 1897, and in order to understand the question it is necessary to briefly recapitulate these events.

In 1897 the Canadian Parliament passed what was known as the preferential tariff. The effect of this legislation was to give a preference beginning at 12 1-2 per cent., and increasing in a year to 25 per cent., in respect of the duty upon importations coming from any country which treated Canada as liberally in tariff matters as Canada treated such country. This preference was shortly afterwards confined to Great Britain and her colonies and was increased from 25 to 33 1-3 per cent.

In the general election of 1900 Sir Charles Tupper, and the Conservative party, attacked the action of the Government very bitterly upon the ground that this preference should not have been given to Great Britain without an equivalent preference or advantage having been given to Canada by Great Britain. It was said that before giving the preference we should have made a bargain with Great Britain to get something equivalent in return. The answer made to this proposition was that Great Britain would not have been in a position at that time to give us anything in return in the way of tariff preferences. Great Britain had been for many years a free trade country, and no proposition had ever been assented to by the people of Great Britain which would authorize her Government to make any preferential tariff arrangement with Canada. It was thought that the best, and in fact the only, way of bringing about a favorable consideration of Canada's desire for a preferential tariff was to give effect to a preference in favor of Great Britain in Canadian markets without making any stipulation as to what should be done in return, trusting to the British Government and people to take the subject up, and consider it seriously at the earliest practicable moment.