

# The Grain Growers' Guide

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## HON. GEO. E. FOSTER'S ARGUMENTS

In a recent number of the "Canadian Century" Hon. Geo. E. Foster, former Canadian Minister of Finance, has contributed an article on "Reciprocity: a Menace to All." Mr. Foster is a doughty opponent who has spent years in the study of his subject and is the High Priest of Protection, and yet we will dare to take issue with him. His article is a plea for no closer trade relations with the United States. He does not pretend that our present is a revenue tariff, but frankly admits that it is protective and declares that the protection afforded by the tariff is a benefit to Canada. He says that the alternative to a protective tariff is to "establish and foster all these (industries)—but outside of Canada." He admits that with a low tariff, "from a cosmopolitan point of view mankind generally might be just as well off, but would Canada?" And further he asks, "Would Canada be as populous or as rich?" We believe that absolute Free Trade would be the greatest possible factor in increasing the population of Canada. It would double the flow of immigrants from Britain and United States to the West Prairies. Canada would also be richer because the average wealth of the Canadian citizen would be more. The individual wealth of a favored few might not be so great, but the purchasing power of the ordinary farmer and consumer would be increased by one-quarter at least. Mr. Foster figures that under reciprocal trade relations all Canadian industries would be throttled by the American manufacturers and says, "In the short process of driving them to the wall prices might be temporarily cut, but once the Canadian competitors were eliminated, would they stay cut?" This is one of the fallacies of the protectionist propaganda. Mr. Foster knows that the Canadian manufacturers can compete with the Americans on an equal footing in Free Trade England and in the markets of the continent; that in some instances the Canadian manufactured products are sold in United States. Take the plows that are made in Canada; take the Canadian binders and Canadian flour that are sold more cheaply in England than in Canada. There are other instances of the same character. Surely Mr. Foster must explain more fully before he predicts the death of our manufactures in the event of reciprocity. Again Mr. Foster says, "If there is reciprocity in manufactured products between Canada and United States, there must be uniformity of tariff in both countries as against outside countries." Nobody else but Mr. Foster contends that. The Canadian Manufacturers' Association would be in the last stages of despair if in their heart-rending patriotism they were not allowed to give Great Britain a preference in the Canadian market. "Preference" is what the Canadian manufacturers live upon—when reciprocity is talked of. Speaking of the American factories that have been built in Canada, the ex-Minister of Finance says: "It is said that nearly \$300,000,000 have been transferred to Canada. Obliterate the tariff line and would they continue to come? Would even those that have come remain?" In view of this would Mr. Foster explain the fact that an American firm has opened a Canadian branch factory for the manufacture of binder twine that comes into Canada free of duty? How would he explain the Canadian manufacture of cream separators which also comes into Canada free of duty? Again if there has been \$300,000,000 of American money invested in branch factories here in Canada, those factories are able to gouge huge profits out

of the Canadian people to be paid into the coffers of the directors across the line. How does that benefit Canada? A large percentage of the employees in these factories are not Canadians, and if the capital is also foreign, is not Canada building up foreign industries at home? Not only that but paying more for their support than would be paid if they were not in Canada. Mr. Foster is sure that the Canadian manufacturer could never sell anything in the United States because to do so he would have to "dicker for transport with great systems closely allied to his competitors, who furnish the bulk of their freights in a wide territory where Canadian law does not reach, where home competition meets him in an overwhelming force, in and through states whose laws and regulations may and often do over-ride and render useless all treaty advantages. The task is colossal, it is impossible. The base of supplies here would be speedily cut. The far-flung scouts would be easily captured in detail." This is certainly an alarming picture that Mr. Foster paints. Does he for one moment imagine that there will never be any new manufactories started? Does he think that despite all the trusts and combines that the present day mergers will hold all the trade in their own hands? New factories are being opened in Canada and United States every month and are holding their own against the combines. Does Mr. Foster say that reciprocity will stop all this? Does he not know that manufactured articles will always be needed by the rapidly growing population of Canada; that with her unrivalled natural resources the cost of production in Canada is less than in the United States, and that the balance will continually grow in our direction? He says the policy of Canada has been to encourage foreign investments and to build up a transportation service that our manufacturers, "after supplying as far as possible the wants of her own population, should cater to the foreign markets with her surplus." Surely if our manufacturers can cater to the foreign markets they should have no protection in the home market. To prove that the West benefits as well as the East from the Canadian industries Mr. Foster quotes from the census of 1905 which shows that Ontario has 7,996 factories, and Saskatchewan has eighty. This hardly proves his point. He adds, "Besides, must we not, if we are to build up a great nationality, mutually sacrifice and bear burdens?" Certainly we must, but the burdens should not be placed upon the backs of the consumers for the benefit of a few privileged persons. He says the West has no reason to complain because "for all the long, weary years from 1874 onward the East poured its money for the acquisition of the West, aided, of course, by the sparse population beyond the lakes." Much of this is true, but the east aided the West only for the profit the East got by so doing. The chief thing for which the West was originally opened up was to give over the natural resources of the West into the hands of a few individuals who were able to do mostly what they liked with the national legislature. Has not the West been milked and exploited more than any other part of Canada? Have not the railways been paid for, and several times their value, by Western land grants? The West today is paying through the nose for the prodigal manner in which the East distributed its resources to large corporations. There are two sides to the story. Mr. Foster is eloquent on the future of Canada. "And that part of the cost," he says, "which is due to the device of protection—must be considered not as a count against the manu-

facturer, but as a contribution, borne at present with hardship, for the future benefit of Canada, economically and nationally." We do not think it is building up a great nation to burden the masses for the benefit of the classes. A great nation is one in which the comfort and prosperity of the average individual is greatest. "If there is injustice, extortion, monopoly," says Mr. Foster, "let us diligently examine and sternly remedy, but it is not sensible to destroy the body to get rid of surface sores." Mr. Foster once had the opportunity, when a member of the government of Canada, to examine as to the extortion practised under the shelter of the protective tariff. Let him tell us how much he did to discover and to remedy this evil. Let him turn his eloquence upon this subject and tell us what he did or attempted to do to break up combines that his own tariff laws fostered. Dealing with the demand of the farmers for a lower tariff Mr. Foster says:

"Are we sure that free trade in Canada would in the end improve their condition? If it dislodged other industries, injured the carrying interests, drove capital and labor out of the country, handed over our commerce to the United States, would the farmer in the end be helped or hindered?"

Certainly not. But Mr. Foster's big "If" looks too much like "blue ruin." The Canadian manufactories would not be shut down. But for the sake of argument suppose they were. Would not the people in the United States still have to eat? Long before they had killed out Canadian industries the food supply of United States would be insufficient to supply its people, and the Canadian farmers would get even a better price for their produce than they do now. But it is absurd to talk of Canadian industries being killed out. They would prosper more than ever under absolute free trade, though even the farmers today are not pressing for complete abolition of the tariff. Mr. Foster declares that "Canada as a free trader among the nations of the earth, panoplied in the armor of protection, would be as a lamb led to the slaughter." Let him look at these figures showing the total exports of Free Trade England as compared with the protected countries with far greater population:

(1907) Country	Population	Total exports
Great Britain	44,000,000	\$2,130,000,000
Germany	58,000,000	1,688,610,000
United States	79,000,000	1,974,403,000

Surely this does not look like a "lamb led to the slaughter" to see a free trade country winning out over larger nations loaded down with a protective tariff. Let Mr. Foster also consider that England sold to the United States in 1905, against almost a prohibitive tariff, goods to the value of \$236,410,440. Is there any good reason to believe that Canada could not hold her own against all nations if we adopted free trade? None whatever. Mr. Foster says: "Reapers, binders and mowers—the bulk of tools of greatest cost—have been gradually reduced since 1890 until now they bear 10½ per cent.—the lowest borne by any working implements." Mr. Foster is only seven per cent. out in his count. These implements pay 17½ per cent., but then he is just as far out in some of his other statements. But he forgets that the appraised price at which the duty levied on these implements has been raised until the actual duty paid today is greater than in 1890. He says that the price of farm products has advanced greatly in the last fifteen years. Certainly, but why shouldn't they? The farmer in the olden days in Canada was much like a serf. He is more intelligent today and is demanding a square deal and a fair remuneration for