Free Trade Helps Manufacturers

Protection Would Ruin Them

NOTE—Some months ago, in search of information on the tariff question, The Guide asked for explanations from British manufacturers as to why they were Free Traders and did not want protection. A number of answers have arrived and are here published for the benefit of our readers. They show a side of the question to which Canadians are not accustomed.—Ed.

SHIP OWNERS

Alfred Holt & Co., India Buildings,
Water St, Liverpool, 28th Oct., 1910.

In reply to your letter of October 27, we are not manufacturers, and can only speak from our own point of view as shipowners. If the following statement of our opinions is any use for your purpose, we have no objection to its appearing in the GRAIN GROWERS' GUIDE with our name. As shipowners running regular steamers between Great Britain and Canadian ports (Victoria and Vancouver), we find it impossible to over-emphasize the advantages which free trade confers upon those directly and indirectly dependent upon shipping,—a vast number in this country. In a general way, shipping, like other trades, benefits by the high level of prosperity which free trade produces, and which is chiefly due to cheap and abundant food and untaxed raw material and partly-manufactured materials for industry. More particularly, the carrying trade plainly depends for its prosperity upon the system of open ports, which allows the free inflow of foreign and colonial goods and the corresponding outflow of home-produced goods which are exchanged for them. Further, cheap ships are a clear result of free trade; not only steel plates, but practically everything that goes to the manufacture of a ship, would be taxed under a protective tariff. We are convinced that Great Britain's immense pre-dominance in the shipping trade would be most seriously endangered by any change in her fiscal policy, and that any country which desires to rival it must begin by throwing off the shackles of protection.

GAS ENGINES

Crossley Bros., Ltd., Openshaw,
Manchester, November 24th, 1910.

Please excuse this long delay in replying to yours of the 28th ulto. You asked me to state why Crossley Bros., Ltd., are Free Traders and how we compete successfully with free imports—we have no foreign competition to face. They can't touch our prices and we sell largely abroad because we have a well organized industry, and can buy materials at rock bottom prices. I don't know of any other reasons. Our workmen get the best wages in the trade—much more than the Germans.

CUTLERY

Wm. Nixon, Beech Hurst,
Eyam, Derbyshire, 28th Oct, 1910.

In response to yours of the 28th inst, which has been given to me by my company in Sheffield,—the reasons why my Company can compete successfully with their rivals in Canada, United States, and other protected markets in which they do business, are:—

(1) That they keep up the quality of the manufactures, and take pains to be abreast of their customer's requirements in the matter of new styles and patterns.

(2) That they supply good value for money, and

(3) That they are able to charge low prices for the quality of goods which they supply because they can purchase their raw material in the cheapest market in the world, wherein no tariff impost makes such material dear, and that they can obtain labor—the most expensive portion of the prime cost of their manufactures—at comparatively low rates because their workmen can live well, and at comparatively small cost. My company is yearly increasing its Canadian business, and could do so more rapidly and profitably if the continental manufacturers of cutlery who export to the Canadian market were prevented from systematically undervaluing their exports, and thus setting up an unfair competition with British exporters. I am always pleased to read that the Canadian manufacturers or the manufacturers of any country which has a system of high tariffs, declare that those tariffs are imperative to enable them to compete with the manufacturers of this and other countries. So far as my own trade is concerned, this is an admission of my superiority in manufacturing, and so far as the consumer in protected countries is concerned, this should enable him to see what price he has to pay for the sake of nursing industries which cannot, confessedly, exist without depriving him of the right to purchase in the cheapest market. Please observe that I am solely responsible for the facts named herein, and for the opinions herein expressed.

WM. NIXON,
Chairman of Geo. Wolstenholm & Son Ltd
Washington Works, Sheffield.

COTTON AND WOOL

William Anderson, Ltd., 12 Princes Sq.
Glasgow, November 5th, 1910.

The question is asked,—Why are the leading manufacturers of Great Britain free traders, and how is it they can compete successfully in face of free imports. The answer is not far to seek. Great Britain's commercial supremacy is conceded. In volume, her imports and exports outdistance all other countries,—in quality they are immeasurably superior. Of her exports 80 per cent. represents manufactures. Of her imports all but 23 per cent. are foodstuffs and raw materials. If the 23 per cent. of wholly and partly manufactured goods is examined, it will be found that the major part consists of articles which are the raw material of her manufacturers—yarn for the weaver—leather for the shoe-manufacturer—cloth for the clothing manufacturer, and so on, and the actual value of the goods "completed and ready for use" will be found not to exceed one-half of the total, or, liberally calculated, sixty millions sterling—equal to 12 per cent of the total imports of manufactures. These are the free imports which are supposed to be our undoing. The board of trade returns for 1910 show us almost at the highest point of prosperity yet reached, and our virility is the marvel of the world. We have not to search for "lost trades," or "decaying industries"—nor yet to recover from the "paralysing effect of free imports."

"The proof of the pudding is in the eating," and free imports are responsible for Great Britain's progress as a manufacturing Nation. It is of vital necessity that we produce cheaply and profitably, as we have not the licence to rob the home consumer that we may sell cheaper to the foreigner—which protection gives. Our export trade is done more profitably than that of any other country. We **exploit the whole world for raw materials (even if they are classed as "wholly or partially manufactured") and lay the whole world under tribute for food stuffs.** We are absolutely free from the handicap of Protection in any shape, form or fashion. Our machinery is laid down, our factory buildings are erected at less cost than in any other country.

We never make anything we can buy cheaper and we always **pay in kind**—and in living memory, except to help a lame neighbor over a stile, we have not exported a gold dollar, and last but not least, we are able to pay our work-people higher wages than any other country except America and their earnings have a higher money value than in any other country in this wide world. The net result is that in no article we produce, given equal and suitable climatic conditions and natural advantages, are we beaten by the foreigner, and if the imports of manufactured goods are still further examined it will be found that much of what is imported could not be manufactured in this country, and no inconsiderable part could be traced to a better system of technical education abroad or to the experience of generations in the production of goods peculiar to certain localities.

Our system of free imports has built up for us an enormous trade in foreign and colonial produce for re-exportation. This trade, amounting annually to ninety millions sterling, gives employment to our shipping, besides bringing to our market buyers from all parts of the world, who find here what they would have to roam the continent or the colonies to procure. Is it needed to instance our shipping—the product of free trade?—**carrying as it does 50 per cent. of the entire over-sea trade inward and outward of the United States—their own shipping ruined by protection**—or our shipbuilding, which has often been saved by free imports?

So much for the case of the nation, how far does it synchronise with my own experience?—to that I answer—"In every particular." My trade is about equally divided between home and foreign. My ability to maintain my home trade depends largely on my ability to meet my home competitor. The foreigner is easily taken care of, **as he cannot compete with me in such goods as are suited to the conditions and climate of this country.**

That may be said to apply specially to my cotton trade—in woolens I can exploit the foreigner and import yarns from Belgium and France, which, for well known reasons, cannot be produced in this country.

In my export trade, I have to meet not only foreign competition, but to override hostile tariffs. Here comes in the vital necessity for cheap production. My work-people must have cheap food, and the purchasing power of their wages must not be reduced by any tariff impost. The cost of my machinery must not be increased. With free imports all these conditions are fulfilled. **I fear no foreign competition, but maintain a trade which, strange as it may appear, is large or small just in proportion to the tariffs which have to be surmounted—largest with the United States, smallest with Free Trade Holland.**

Look now at the effect on my trade of the policies of protection and Colonial preference. Take the last first. We are asked to put a duty of 2 shillings a quarter on all grain, and 5 per cent. on meat coming from foreign countries, and allow colonial produce (export manufactures) to come in free. This duty is called a "preference" to the colonies, and would be of no value to them unless the price of the produce rose to the level of the foreign cost, plus the duty which it certainly would do. The benefit to the colonies might reach four millions sterling, and the net cost to the British consumer about thirty millions—the British farmer being no fool would of course raise his price in the same proportion. Under such conditions the Canadian farmer would presumably demand no smaller price at home than he could obtain abroad, and the Canadians would promptly find "colonial preference" translate itself into a tax upon their own flour. **Of course we are told from every platform that we can make the foreigner pay the tax but nobody out of bedlam believes that The consumer always pays If for "consumer" you read "my work-people" you have the thing in a nutshell.**

The increased cost of food will necessitate increased wages, causing increased cost of production. I must raise the price of my goods and if I cannot obtain the increase I must bring back the wages to their former level, without, however, reducing the price of food. As Mr. Chamberlain used to say, "If you tax food you lower wages."

But we are told that Canada has given us a preference, and if we do not reciprocate it will bring us to the "parting of the ways," etc., etc. Sir Wilfrid Laurier has nailed this lie to the counter. "The preference was given out of gratitude," and no Canadian farmer wishes to enrich himself at the expense of the British working man. Still it does duty on every platform. I do not undervalue the preference given to Great Britain because I appreciate its motive, but I do say that it accounts for but a small proportion of the increase of her trade with the Dominion. Canada's greater purchasing power accounts for the larger part of the increase. As well say that because the United States increased her trade still more than Great Britain—it was due to the **absence** of any preference. Does a dollar a bushel buy no more than 50 cents, and seven millions of people no more then five and one-half millions? **The preference to Great Britain has been of advantage to the people of Canada, and the extent of the advantage is exactly the amount of the saving in duty represented by the preference.** That is to say, if the Canadian has £1,000 worth of goods to buy and values are equal in Great Britain, and say, Germany or France, the outlay in the one case for duties will be £250, and in the other £350. **The £100 saved can be kept for future use.** In nine cases out of ten British values would have been lower and the trade would have gone to her manufacturers any way, preference or no preference. **The preference to Great Britain provided first and foremost for complete protection to Canadian manufacturers, and they can view it with indifference —but a preference by Great Britain on the lines before indicated would be better than any tariff that could be framed for their benefit. Their most serious competitor would be crippled by increased costs.**

Take protection next, and see how it affects me. **On the ground that because the foreigner taxes himself on everything he buys from us, we are invited to tax ourselves on all that we buy from the foreigner.**

The cost of every article used in constructing a mill and in its maintenance will be increased by a general tariff, even if not a single item is imported—the cost of my goods will be increased; but their value not enhanced. Enhanced cost means dimin-

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