

Tariff from the Farmer's Standpoint

Answers to Walter Carter's article—Protection Burdensome to Western Agriculture

PRIZE ARTICLE

In examining Mr. Carter's plea for protective tariff, the reader does well to bear in mind the fundamental fact underlying this economic controversy. Free trade represents a normal condition of trade. Protection is the placing of obstructions in the path of the natural channels of trade. The protectionists claim that certain benefits arise from this policy of obstruction that justify its adoption and maintenance. Some of these "benefits" are outlined in the essay under review and my object is to enquire whether they constitute sufficient cause for the infringement of the basic laws of commerce.

In presenting his case the writer ignored two salient facts. First, that our protected industries do not to any appreciable extent develop our natural resources; second, that no social economic benefit is derived from their premature development. These points will be more clearly brought out if we briefly review the normal development of a nation unburdened by legislative interference with trade.

A new settlement requires first the simple necessities of life, such as vegetables, cereals, meat, clothing and protection from the climate. But it also seeks to obtain the complex advantages of civilization, necessitating importation from older countries where the steady accumulation of wealth, or specific climatic conditions have rendered them most easily obtainable. Thus a settlement may produce valuable timber that can be exploited with comparatively little capital, while it is unable to import or exchange for its timber, such agricultural machinery as will allow of competitive development of the soil. The production and export of surplus grain thus made feasible, enables it to obtain in exchange, say, fruit or vegetable products of a climate differing from its own. Such exchange produces profit for both sides, each country exporting those products that cost it the least and importing those that cost it the most to produce. This system of exchange lies at the root of all national wealth for nations are, commercially speaking, just traders, and the balance of advantage inherent in every exchange constitutes the business profits of a nation. Without international exchange savage peoples are retarded indefinitely, for it is the basis of civilization.

How Exports Are Paid For

Mr. Carter speaks of money being sent abroad instead of remaining at home. We are all quite familiar with this stock argument, the fallacy of fallacies. In international exchange our exports are paid for by the nation receiving them by their own exports, sent either direct or through the medium of other countries' merchandise. Money, as such, is practically never used in international trade; money neither feeds, nor clothes, nor houses its possessor. We exchange wealth for wealth and even then only when we are made richer by the exchange. It is through this means that a new settlement accumulates wealth in its turn and so acquires its own machinery of production.

Population is attracted by the resultant processes of civilization and the import of machinery induces the normal growth of manufactures from those raw materials most cheaply to be obtained in the country. Steady progress is thus secured and the entire resources of the country are eventually brought into the economic life of the people.

We can now more readily examine the effects of protection as advanced in the article under discussion. There is first the question of the artificial development of all Canadian resources by the encouragement of protected capital. Why should we desire to develop our natural resources when their product can be obtained from the stored up supply of other countries at a less cost to us as consumers? If, for instance, an American manufacturer can utilize

some months ago this Guide offered a prize for the best article on the subject "How the Protective Tariff Benefits the Farmers of the Prairie Provinces." Several articles were submitted and two of them, judged to be of equal merit, were published. These were by Walter Carter of Calgary and Fergus. The Guide did not answer the arguments set forth in these articles but decided to have them answered by Western farmers. In accordance with this decision three prizes were offered, one for each of the best answers to the two articles on protection and another for the best essay on the subject. "How the Protective Tariff Benefits the Farmers of the Prairie Provinces." The prize for the best answer to Walter Carter's article has been won by Herbert J. Tucker, a Saskatchewan farmer, whose article appears herewith. There also appears an article by J. V. James, of Alberta, whose answer to Mr. Carter's letter was bettered by the good to be made unpublished. The results of the other competitions will be published in the near future.

American raw material and transport the manufactured product to this country more cheaply than if he were to establish himself in Canada and utilize Canadian raw material, of what advantage



The burden of protection on agriculture was well illustrated in the Lethbridge district last spring, when 200 tractors, three of them made in Canada, were bought by the farmers. The farmers purchasing the tractors paid \$50,000 in tariff duties to encourage the manufacture of these three tractors.

is it to the Canadian consumer to pay more money for the products (through tariff impositions) merely for the sake of using our own natural resources? When in the course of economical progress, it becomes more profitable for us to develop them than to import the raw material they can yield us, that will be time enough to avail ourselves of their resources.

Western Resources Not Developed

Mr. Carter has mentioned the coal and mineral resources of the two westernmost provinces. He assumes that protection will result in their highest development and Canada is one of the most heavily "protected" countries in the world. If this argument were correct ought we not to see Alberta and British Columbia teeming with an industrial population in a land of factories? But where are the factories? Practically all in Eastern Canada, a broad continent lying between them and their sup-

posed raw material. So far indeed as these mineral resources are developed, the farmer certainly does pay double freight—on raw material going east and on the finished product coming west. The truth is, however, that the protected interests are most careful to avail themselves of the cheapest market in buying their raw material, relying on the fact that if their goods are sold in Canada, the consumer will pay the tax thereon, while exported the government will do so by issuing drawbacks cancelling the tax. For, much as protectionist manufacturers later the point that "protection provides revenue," they carefully extract from the government the only portion of the revenue that they might themselves have to pay in competing with foreign manufacturers. How little the Canadian manufacturers have availed themselves of Canadian raw material is evidenced in the table on page 29 of February 14, while nearly half a million people were engaged in manufacturing at date of last census, only 63,000 were engaged in mining, which produces a vital proportion of the raw material of manufactures. Moreover a large proportion of the mineral produced is diverted to other purposes; for example, coal used in transportation and private consumption. These figures and the geographical position of Canadian manufacturing plants show quite clearly that high protection does not deter them from utilizing to an excessive degree the natural resources of other countries.

Mr. Carter himself speaks of the shipment of farm produce from west to east. If there were no tariff walls we farmers would be in closer proximity to industrial centres with all the accompanying benefits stated to accrue therefrom. With free interchange of animal, vegetable and mineral products of Canada and the United States, the economic life of both countries, but more especially of Canada, would be strengthened to an unimaginable degree. There would be no question of violated national integrity involved. If any desire for amalgamation of these countries existed, it would vanish utterly before the breaking down of economic barriers, for it is only caused in the first place by the unnatural repression or trading rights based on an international boundary line. To "clear the way and stand aside" leaving us to choose our own markets is the broad highway to an evenly distributed progress, opulence and content; to find the surest road to an increase of popular wealth, is to find the only effective way of increasing the population.

Imagine Mr. Carter's statement to be correct in fact and that Canadian industries were in "close proximity" to Canadian raw material; would protection benefit the surrounding agricultural population? Is there an advantage in the assumed lower transportation costs, as outlined in Mr. Carter's second paragraph, of a kind to justify the increase in the cost of all commodities the farmer must purchase? If any given business transaction will result in advantage for the contracting parties in spite of transportation costs, such transaction will be carried through and both or all the parties be the richer; but if a tariff be imposed to prevent it, all will be poorer individually and collectively. On the other hand if the benefits of such trade will not justify transportation costs, there will be no desire to conduct the trade and a protective tariff to prevent it becomes gratuitous folly.

Tariffs Foster Combines

Does protection prevent the formation of combines? Mr. Carter says it does, yet there are safely few farmers in Canada who are not aware of the existence of combines in practically every Canadian industry supported by tariffs. The truth is that combination is the necessary complement of protection. Tariffs to enhance the price of products beyond the point of legitimate profit would be useless to manufacturers if com-



The Burden of Canada's Protective Tariff. The Magnificent Parliament Buildings at Ottawa, Destroyed by Fire over a Year Ago

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