

THE TANGLE OF TARIFFS

Will Great Britain ever get the Lion's Share of Canadian Trade?

By JOHN COLLINS

SMOKE over the navy question having cleared away, the tariff came up. The recent Ottawa-Washington-Albany episodes had got things moving a bit—shifting the lines of interest away from the cross-seas to the parallels of latitude, especially 49. Thursday morning of last week half the men in Canada were talking tariff for breakfast, and on the street cars and down at the office, and then again at lunch; and some of them knocked off work for half a day to get a clear whack at the thing expressed in Fielding's thirteen articles—which is one of the most practical creeds ever devised by the modern religious needs of mankind.

The man with the Red Tie and the Imperialiser with the Pencil had the tariff tangle out the other morning.

"What tires me with the newspapers," said the Red Tie, "is that every one of them looks at the tariff through his party specs—just as they did on the navy question. What we want is a business discussion of the tariff. Business has nothing to do with either sentiment or politics. Now is that clear?"

He blew a big whiff and fanned it away.

The Imperialiser sniggered a bit.

"So you're anti-Preference then?"

"At forty per cent? I certainly am. In fact I'm not sure that the old preference isn't a frost. Anyway Canadians haven't been buying British goods very heavily since it came into force. Look here," swiping over a little-of-everything book. "Two years ago we bought from Great Britain about ninety-five million dollars worth of goods. Last year we bought from the United States one hundred and eighty-two million dollars worth—at a thirty to thirty-five per cent. tariff. How's that for the practical value of preference—leaving out sentiment, mind you?"

"You've missed the point entirely. Look here—at what we sold Great Britain."

"Well how much?"

"One hundred and thirty-five millions."

"Oh! Favourable balance of trade forty millions, eh? But of course that's mainly raw materials and food products, whereas we buy from Great Britain manufactured goods."

"Precisely. But apply the balance of trade to Canada and the United States, and what's the result?"

They thumbed it up: result that Canada buys

two dollars worth of goods from the United States for every dollar's worth she sells to that country under the present high tariff.

"Which is a worse balance of trade than ninety-five to a hundred and thirty-five in our favour, isn't it?" said the Imperialiser, slyly.

"Yes, but it isn't the main fact of the case at that," said the Red Tie. "There's a reason why we buy two dollars worth of goods from the United States for every dollar's worth we sell her. We certainly must want the goods or we wouldn't do it. Now why do we want the goods?"

"It isn't a question of merely wanting the goods."

"But it is. Stick to your text. Ruling out sentiment, mind you; for if you apply sentiment to this you'll discover that the sentiment of Canada favours closer trade relations with the United States more than ditto with Great Britain, and I don't think either of us wants to go on record as favouring commercial reciprocity with the annexation sting in its tail. But tell me this: Why do I buy an American automobile instead of an English?"

"Merely a matter of salesmanship; of selling machinery. If the English maker would use the same machinery and enterprise in selling to you that the United States manufacturer does—"

The Red Tie took a spasm and in a cloud of American-made cigar-smoke he said:

"Height of absurdity! No salesmanship will ever make an English car go with the Canadian user, just because the British car isn't made for conditions in Canada. I tell you the United States manufacturer studies conditions in this country and the Britisher doesn't. In fact, the Britisher doesn't care a continental for conditions. 'Conditions be blowed' is his motto. 'If they don't like my goods they can jolly well go hang—'"

"Or lump it—to be American."

"And you can apply the same doctrine to everything down the line; to boots and to typewriters; to machinery and to cough-drops if you like. You'll find that the American manufacturer not only uses his selling machinery in Canada, but he studies Canada to find out what Canadians want, with the result that he finds Canada wants precisely the sort of goods he is making for his United States market, just because we're similar in geographical and climatic conditions to the whole north half of the United States. There's no sentiment in that."

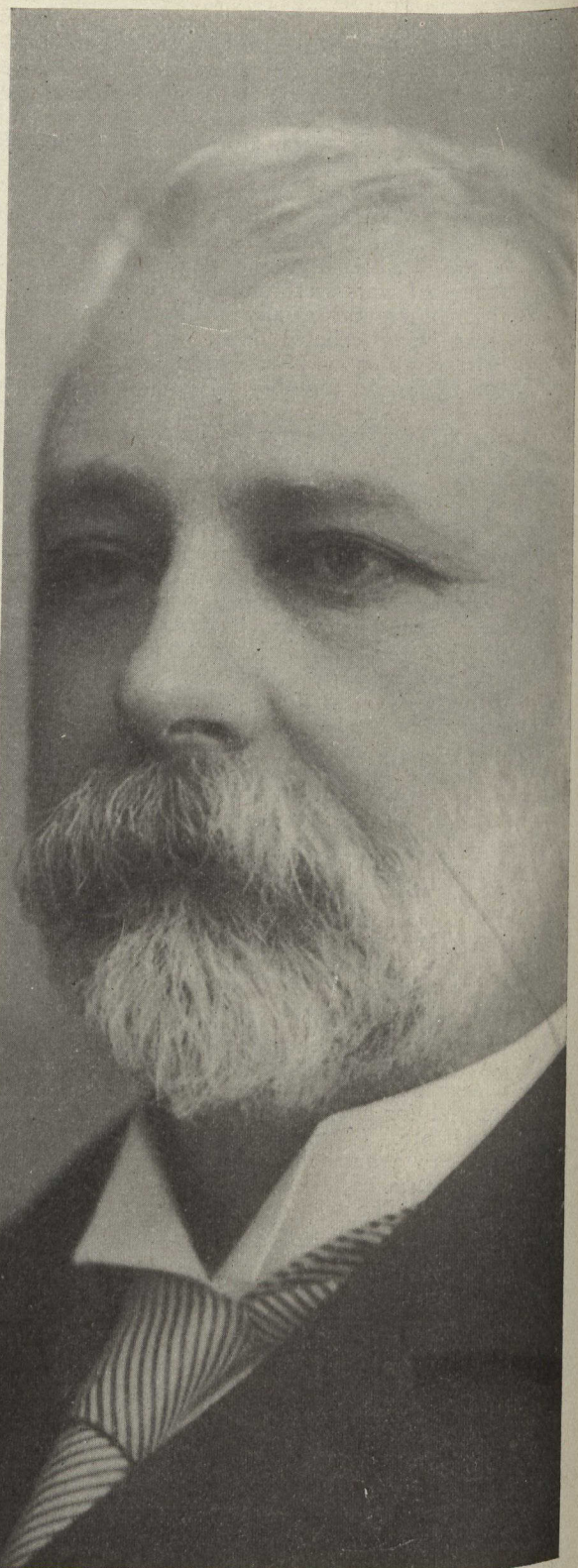
"But is there anything to prevent the British manufacturer from doing the same?"

"Everything. His own stubbornness; trade traditions; eminent respectability; in short, conditions be blowed! What business have mere colonials telling us how we should make our goods? When did they become so high and mighty? Confound them! Aren't we the leading manufacturers of the world? That's his argument. Salesmanship? The dickens! He could sell his goods fast enough if he'd only make most of them fit to sell to Canadians in the first place, and take the trouble to put himself in touch with conditions in this country. And there's no more sentiment in that than there is in a monkey-wrench. You can't tell me 'I'm to wear British boots for the sake of sentiment, and get corns on my feet.' I want boots that I can wear."

They took a skirmish over the Empire and a scout over the known world; finding out the balances of trade in the seven seas; discovering where Great Britain buys her three quarters of a billion pounds sterling every year and where she sells her seven hundred millions. They raked up reciprocity treaties and the Preference—

"Yes, now I'll give you the real story of that Preference," said the man with the Red Tie. "That whole scheme was hatched up in Toronto just as the National Policy was. The promoters of it argued—that a preference on British goods would knit the ties of the Empire; that sentiment was stronger than mere trade just as blood is thicker than water. Off went the thirty-three per cent. and up went the tariffs against the United States. Now, we buy forty millions more goods from the United States than from Great Britain and we have two hundred millions of American money invested in Canadian factories to boot. Say, can you beat that for an Imperial Preferential frost? Tell me where you can find six industrial enterprises in Canada that are financed by British capital?"

They managed to rake up three, with a possible fourth; got from that to discussing the ultimate effect of commercial reciprocity; man with the Pencil inclining to think that the general expectations of Taft expressed to Fielding implied somewhat up the Taft sleeve by way of getting the big end of the stick in future.



Mr. Fielding from the "Thirteenth" Concession

"Sugar! That thirteen articles in the Fielding-Taft creed are just a sop to Canada," he said. "You wait. My opinion the whole Taft attitude was a game of bluff."

"Not a word of it! Not a dollar of it. Taft expressly gave out that under the Payne-Aldrich law the United States would be compelled to apply the maximum tariff to Canada unless Canada made some concessions. We made the concessions. They were a trifle, I admit. But they satisfied the ethics of the case. They staved off a tariff war."

"Bah! I think a tariff war would be better than any concessions. We've had tariff wars before and we always won. We can do it again. The British Preference to my mind was nothing more nor less than the determination of the Canadian government to get a whack back at the United States after the throw-down that Richard Cartwright got in Washington. The throw-down was a good thing. It has developed Canadian industries."

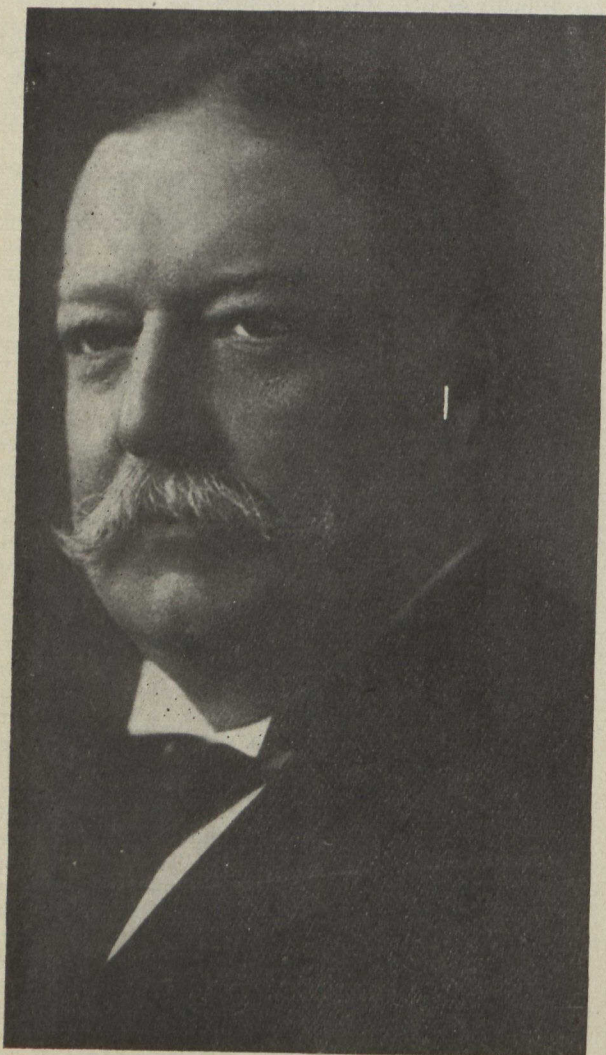
"All the same," concluded the Red Tie, with an anti-preferential wink, "I venture if there could be commercial reciprocity between Canada and the United States we'd have twenty million people in Canada inside of ten years."

"But not Canadians," said the Pencil.

The other shrugged. "Well, paying wages and earning dividends in Canada—whatever that means. Isn't that a kind of citizenship?"

"Lowest on record. It's up to Canada to build national character; and you can't do that by ruling out sentiment or by commercial reciprocity with the United States."

"Hmh! It's evident you're an Imperial Sentimentalist. Let's go out and have a drink."



President Taft wants Reciprocity with Canada