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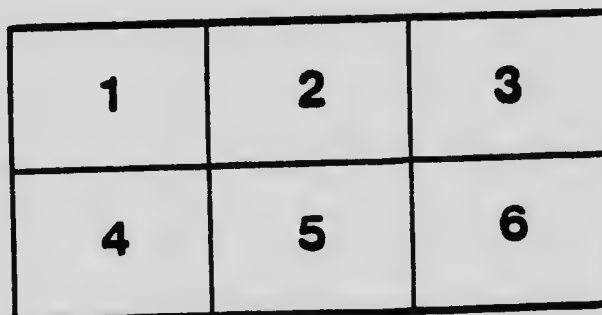
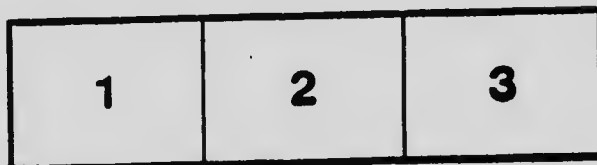
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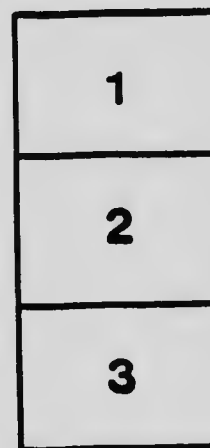
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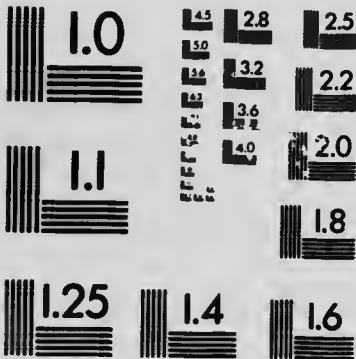
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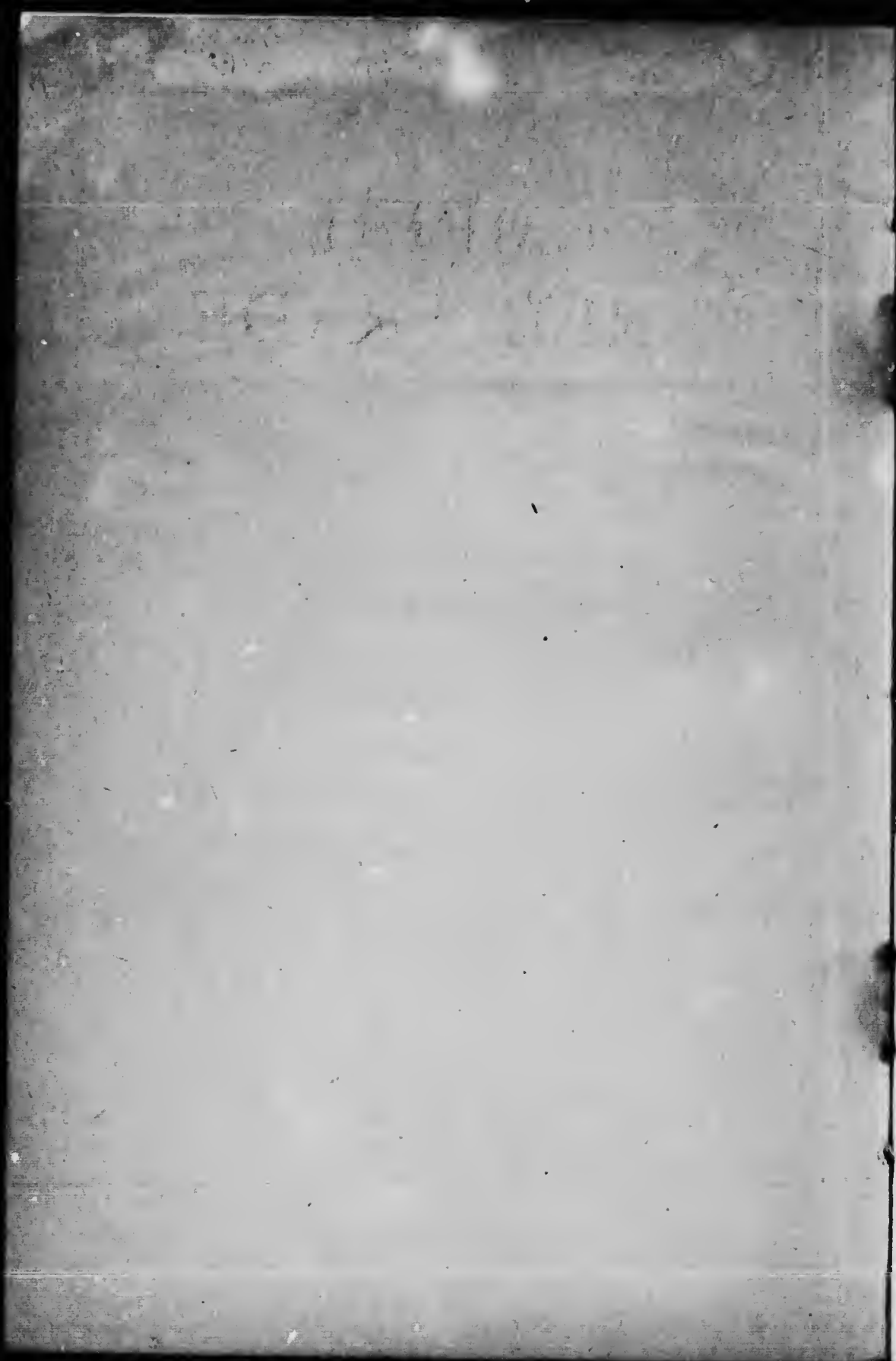


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CANADA
and
EMPIRE
FREE TRADE

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EMPIRE FREE TRADE

What the new
Imperial Policy
for Prosperity
means to
Canada



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by
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CANADA

and

EMPIRE FREE TRADE

I.—The Free Trade Empire.

The movement for the establishment of Imperial Free Trade has been begun in Great Britain because that is the headquarters of the Empire, and must therefore be the first part of it to be convinced of the reality of the benefits which we promise. But, whatever the British people in their homeland may decide upon the question, that decision cannot be forced upon the British peoples overseas. They, too, must be convinced.

We Empire Crusaders have before us a multiple task of persuasion and we do not disguise from ourselves the fact that it is a difficult one. There are various interests which have always been regarded as being necessarily in conflict, and we have to show each of them that the essence of our proposal is the resolution of conflict in a joint effort for the benefit of all.

We have, in the first place, to deal with the great general division between farmers and industrialists which exists almost everywhere in the world, and has existed somewhere in every civilisation since civilisation began. In the second place, we have to deal with all the territorial differences of conditions and interests that exist within the British Empire.

Therefore, I offer to the Canadian people these pages in an endeavour to show them precisely how our proposals will effect them.

The essence of our proposal, I repeat, is that there need be no conflict. But the difficulty of our task is increased by the determination of our opponents not only to take the conflict for granted but also to play upon it in order to strengthen their position. Only the other day there was a barely dissembled wave of rejoicing among them when the details of the new Australian Tariff were announced. One might have thought that every Cobdenite in England had become overnight a fanatical Protectionist, so loudly did each man of them all whoop at the new duties imposed as a barrier to British trade.

II.—Our Opponents.

It is, I suppose, not surprising that men whose purpose is to reconcile conflicting interests should find themselves met by an attempt to emphasise and perpetuate the conflict. But I confess myself baffled by some of the arguments derived from the fantastic assumption that Great Britain and the Dominions are so far apart that they can never work together. I am told that, because I am a Canadian, I cannot realise why the people of Great Britain will not accept our project, and then, by the same critic and almost in the same breath, that I do not realise that the Canadians will not accept it.

There is another argument much on the same plane of controversy which we have recently had to meet. It is that on one page of our original manifesto we ask for the free passage of all sorts of

commodities within the Empire, whereas on a later page we speak of tariffs to protect key industries in the Dominions.

I quite agree that this point is one which must be made perfectly clear. I do not think, however, that the dispute is advanced by wasting one sentence out of its context and contrasting it with another sentence in a wholly different context. When the objection was first thrown at me in the House of Lords, I was alone in the defence of my cause and had no opportunity of exposing its hollowness. Later on, Sir Herbert Samuel made use of it in debate with me and I was able to deal with it.

But I have found so far, and those who are joined with me have found, that we are treading a lonely road when we plead our cause before the seats of the mighty. When we speak to the people, those whose everyday lives will be affected if our scheme is realised, then it is a very different matter. Before that court, as has already been proved in Great Britain, misrepresentation and casuistry have but a short life.

III.—Increasing Production.

First and foremost, our plan involves no damage to any industry established anywhere within the British Empire. I say frankly that, if it were shown to us that it would, we should admit that we were on the wrong path and we should retrace our steps. But our policy is to increase production, not to diminish it, and therefore we desire to foster and encourage every centre of production at present in existence. We have nothing to do with the old methods of

restricting output. We want output everywhere to be as great in volume as possible, because we believe that in this way wages can be made higher, the standard of living raised, and the total purchasing power of the people increased.

It follows then that there is nothing incompatible with our proposals in the retention of certain tariffs necessary to enable certain industries in Canada (and in other Dominions) to establish themselves. Our object is not to create a state of affairs in which one part of the Empire may grab for markets previously enjoyed by other parts, but so to weld the whole Empire into an economic unit that new markets may be developed which at present do not exist or are largely the preserve of the foreigner. Our Imperial resources in raw materials, in labour, in technical and managerial skill, point us to the methods of mass-production as the way of prosperity. But mass-production means production not only *in* masses of articles, but also *for* masses of consumers. Its methods result in cheapness of manufacture only when there is a very large market available to absorb what it supplies.

That market is what we aim at creating. If we succeed in our endeavours, there will be no trouble about the fair apportionment of it among the component parts of the Empire: the main trouble will be in giving it all that it wants. There is but little that a united Empire would have to buy from outside its boundaries as compared with what the rest of the world would be obliged to buy from it, and the resulting influx of wealth will create an enormous domestic demand.

IV.—The New Markets.

Canada is already the fifth industrial nation in the world, and there is no reason why she should not take a higher place. Part of our aim, for example, is to secure for her a far greater share in the New Zealand motor market, which is at present dominated by America. But industrial expansion of any sort must be based, as the American export trade has been, on a constant and prosperous home market. It is this which Canada quite rightly desires to protect for her manufacturers, and nothing in our scheme will prevent her from doing so. But her home market depends on internal prosperity, and what will become of it if her farmers are crippled?

This is where Great Britain is in a position to confer benefits in return for the benefits she asks. She is, in plain terms, the only considerable buyer of wheat in the world. Her annual import is roughly equivalent to Canada's exportable surplus. But Canada is not the only country that exports wheat. It comes from the Argentine, where it is grown under labour conditions far below any British standard, at a producing cost as low as from 60 to 65 cents a bushel, from Prussia, where export is liberally subsidised by the State to the tune of about 35 cents a bushel, and, in the form of flour, from France, where also export is subsidised. This last subsidy works out at the equivalent of 60 cents a bushel, roughly the same figure as the total Argentine producing cost.

Another menace comes from Russia. Exports of Russian wheat to Germany and France are now

developing, and the displacement of the wheat of these countries is in turn exported to the British market. Also the Russians are actually selling small quantities in London with the intention of developing a market in England for their next crop.

Further, the Federal Farm Board of the United States proposes to assist exporters on a gigantic scale. If the Canadian farmer, in the face of all this unfair competition, is unable to sell his wheat, how will he buy from the Canadian manufacturer? We propose, by assuring to him a large and certain market, to increase his purchasing power to the eventual benefit of all within the Empire who have anything to sell to him.

What is it that Canada is asked to do for Great Britain? Assuredly not, as I have already explained, to allow her young industries to be stifled by competition from the mother-country. The Empire will need all its productive industries and cannot allow any of them to perish. But Canada can buy from Great Britain what at present she buys from the foreigner. To take only one example, her annual consumption of anthracite coal is something like four million tons, but of this quantity only about half a millions tons are British. The rest is mainly from America, but the imports from Russia are growing. Now coal is to Great Britain, at any rate in some measure, what wheat is to Canada. When the collieries languish for want of purchasers, British trade languishes with them. That condition now exists in Great Britain. It may soon be upon Canada with her agricultural interests. We propose that the two countries should stand by one another against these and similar dangers.

Canada buys from the United States more than \$300,000,000 of various manufactures of iron and steel. Many of these commodities are not competing with the manufactured output of the Canadian iron and steel mills. For instance, structural steel and sheets are not produced in the Dominion in any substantial quantities. It is clear that there is an immense opportunity for development in this direction to the benefit and advantage of the British Iron and Steel industry.

But we also propose that from this simple attitude of defence Britain and Canada should advance to the intensive cultivation of their joint interests. The Empire does not consist solely of Great Britain and the Dominions. Excluding India and Egypt, there are also the non-self-governing Crown Colonies and other dependent territories which constitute a vast and wealthy empire in themselves. It is necessary only to set out a partial list of these to demonstrate their extent, their riches *and their potentialities*. They fall naturally into four groups :—

(i) AMERICAN.

The British West Indies.
British Honduras.
British Guiana.

(ii) WEST AFRICAN.

Nigeria.
Gold Coast and Ashanti.
Sierra Leone.
Gambia.

(iii) EAST AFRICAN.

Uganda.
Kenya.
Zanzibar.
Nyasaland.
Northern Rhodesia.

(iv) ASIATIC.

Malaya (including the Straits Settlements, the Federated Malay States, and the unfederated Malay States).
Ceylon.
Hong Kong.
Borneo.

These lands have an aggregate population of some fifty millions of souls, which is still increasing and must for many years continue to increase. They offer an immense supply of raw materials and of tropical and sub-tropical agricultural produce. Their imports amount already to nearly \$1,250,000,000 worth of merchandise, yet the total imports of Canada amount to \$1,265,000,000 of merchandise. The more we take from the Crown Colonies in raw materials, the more their growing population will be able to buy from us in the way of manufactures, and thus not a vicious but a beneficent circle will be brought into existence. The effect is that *everywhere people are set to work*, producing goods for the use of others and enabled to buy goods for their own use. This enormous market already potentially exists, and is already partly exploited (in no way to its own gain) by foreign manufacturers.

It must be organised in order to fully develop its potentialities and, if the Dominions do not see the greatness of the prospect thus offered, then Great Britain must undertake the task alone. But our most earnest hope is that all the constituent parts of the British Empire may be induced to co-operate in this vast enterprise and so to share in the rewards as well as in the work.

V.—Our Fiscal System.

It is argued against us that our project involves a fiscal system either of unattainable simplicity or else of impracticable complication. We willingly agree that certain complications will have to be introduced to make it workable, but far more intricate systems have before now functioned very well in practice. Even within the Commonwealth of Australia, Western Australia for five years maintained a tariff against the other states without impairing the unity of the whole body. Consider, too, the complicated relations between France and her colonies in fiscal matters, where distinctions in one given colony are actually made not only between French soil and foreign soil, but also between the produce of foreigners and that of native-born Frenchmen.

We suggest nothing so difficult as this. We ask for a system that will correspond to the multifarious realities of the Empire, a system so designed as to direct the currents of Imperial trade to the quarters where they will promote the most production and consequently the most prosperity. The instincts of all the British peoples tend in this direction, as is proved by the response given to all appeals to buy Empire goods. But it is not enough to go about

saying vaguely, "Let us all be good fellows and deal with one another." Something more is wanted, a definite economic system that will make Empire trade a more organic thing than the outcome of general good-will.

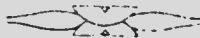
Let me make it clear, however, that we do not contemplate any whittling away of our basic proposals. Our object is Free Trade within the Empire, not some vague movement towards "freer trade." The Dominions, from their previous experience of Tariff Reform movements in Great Britain, have, I know, some reason to fear a course of compromise in which all the advantages at first promised to them are gradually removed. We have resolutely set our faces against modifications of this sort, and we declare here and now that we stand or fall on the principle of erecting a barrier against non-Imperial foodstuffs.

VI.—What We Ask of Canada.

The campaign has been begun in Great Britain, and we know that nothing can be done anywhere until the people of Great Britain have accepted the vital principle of taxes on foreign food. Production of wheat in Canada, of beef in Australia, of dairy-stuffs in New Zealand, must be maintained by encouraging demand at home. We believe, and here I speak with all restraint, that we have made a good beginning in this main part of our task. Great Britain is tired of the dogmas that keep the old economic system in place while the prosperity it is meant to produce steadily declines. Her people are ready to listen to a new gospel, and they are listening.

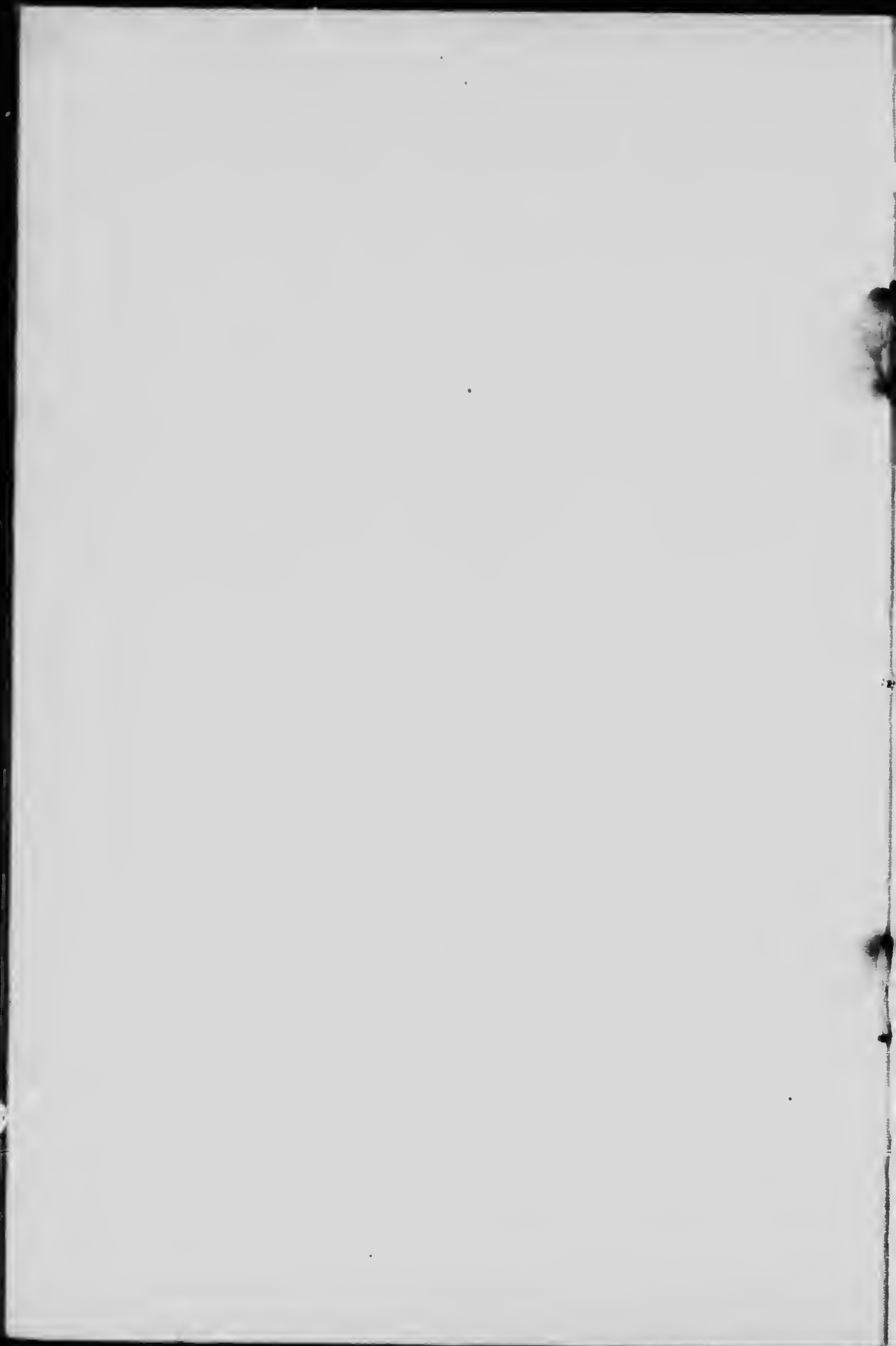
But it is essential that we should not be hampered in our efforts to spread this gospel by premature and unconsidered comments. Our opponents in Great Britain frequently and loudly declare that the other peoples of the Empire are the most determined enemies of our scheme. We do not accept that: I, as a Canadian, do not accept it. But it is only to be expected that our opponents will seize eagerly on any expression of opinion adverse to us that may come from overseas and exaggerate it so as to hamper us in our efforts to convert the people at home.

What I ask now of Canada is, that our proposals shall be given impartial consideration there and that we shall be allowed to have in Great Britain a fair field to fight our battle—which is, in our passionately sincere belief, a battle for the interests of every inhabitant of the Empire.



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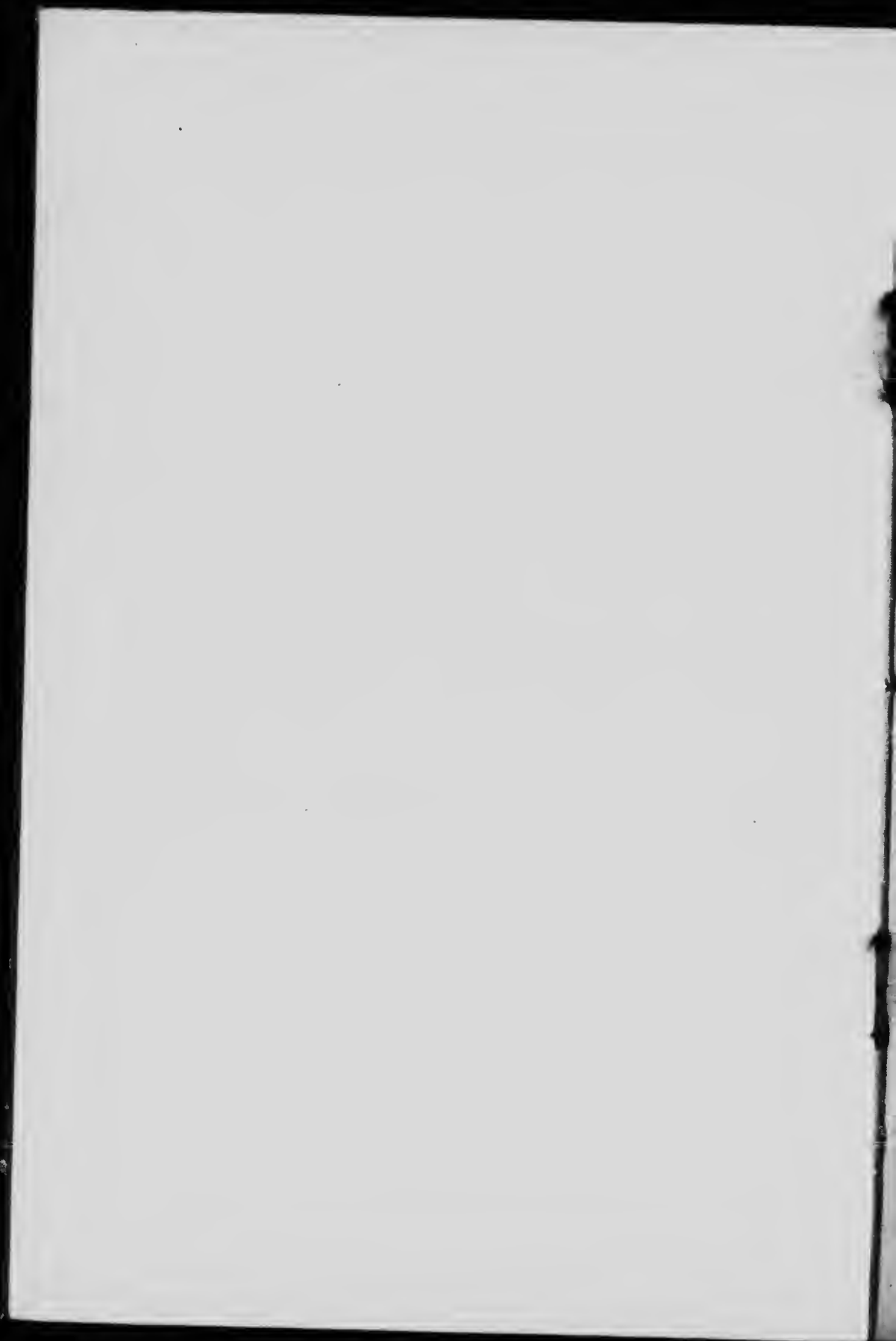
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