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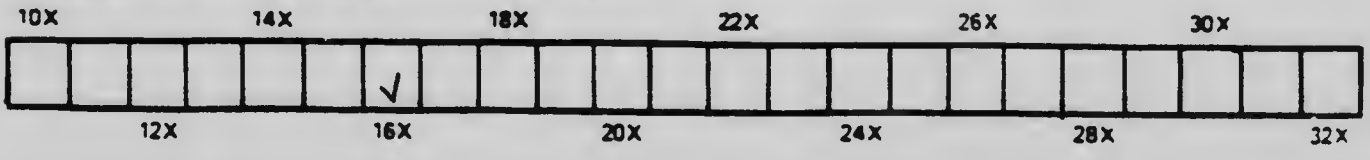

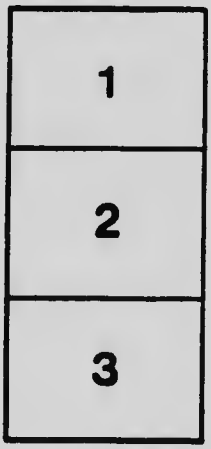

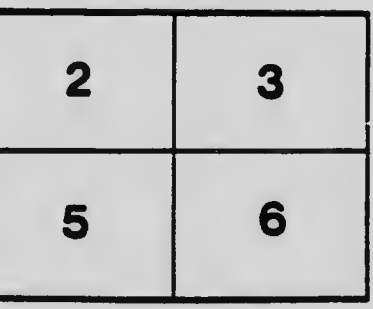

The Political Side of Reciprocity

BY E. B. BIGGAR

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The Political Side of Reciprocity

THERE are at least two sides of the present reciprocity situation—the economic and the political side. So far as the writer has been able to trace the history of trade legislation in the United States, reciprocity treaties appear barren of economic benefits to that country, but fruitful in political effects in recent years. The first reciprocity treaty effected by the United States was that with Canada in 1854-66 and it was abrogated on the ground that it was "no longer for the interests of the United States to continue the same," to quote the text of the resolution in Congress. That it was a commercial advantage to sectional interests on both sides seems clear from the regrets expressed when it was cancelled. Looking at the economic effects and regarding each side as a national entity it is a question whether both sides would nc have been better off in the end without the treaty. The official statistics of that time were carelessly compiled and unreliable—in fact it was only during this period that customs officers on both borders were being taught the value of recording complete returns. Much of the exports credited to the Canadian trade were in reality goods shipped to the States, but afterwards re-exported to swell the shipping trade of New York, Boston, Portland, etc., to the disadvantage of Montreal, Quebec, Halifax and St. John, so that what many public men supposed Canada was gaining in exports to the United States was really lost to its own shipping trade, while the supposed losses of the United States in the increase of imports from Canada were in reality

swelling the commerce of the United States seaports named. The national trade gain or loss has not yet been determined. Moreover from the beginning of the treaty to its close there were perpetual charges of breach of faith from the sectional interests affected by trade regulations on both sides.

Most of the Canadian farmers ascribed to reciprocity the prosperity really due to the high prices of farm products, brought about by the Crimean War and the American Civil War; and, though time has partially corrected this misconception, both political parties in Canada had to reckon with this belief. It is easy, therefore, to misinterpret Sir John Macdonald's offer of limited reciprocity.

We must remember that the prime object of Sir John's negotiations at Washington in 1871 was not reciprocity—though that question was proposed—but the adjustment of the Fisheries dispute. Nearly all his private correspondence on this mission related to the fisheries and showed that reciprocity was neither expected nor much considered. Sir John was a statesman, but he was also a politician, and while not wishing to antagonize those who desired a renewal of the treaty, he trusted to time and the development of Canadian nationality to wean the coming generation of Canadians from dependence upon the United States. This can fairly be deduced from his subsequent speeches and the economic policy he inaugurated.

But here is a more important consideration. The parting advice of George Washington, that the United States should keep clear of foreign entanglements, was faithfully followed by that country in spite of strong temptations, all through the range of Sir John's public life. Sir John Macdonald died in 1891. It was not till 1898 that the first departure from Washington's wise counsel was made in the annexation of the Hawaiian Islands to the United States, and neither Sir John nor any other Canadian statesman had foreseen that in that self-same year the nation, which had resisted for a hundred years

every temptation to foreign aggression would have obtained and held possession of a vast island in Asia and four other islands in different parts of the world by conquest of arms. The revolution in Hawaii, fomented by citizens of the United States, resulted in an act of annexation being passed by Congress on the 4th July, 1893, and, though President Cleveland vetoed the bill, the movement seems to have acted on the political leaders of the country as the taste of blood upon a wolf. The cooler heads could hardly believe the evidence of their senses when they saw their country suddenly carried away by this new lust for foreign dominion, and they have not yet ceased to raise protests against the aggressive imperialism that wrecked the republics of old. That Sir John Macdonald, had he lived till 1910, could have stood a heedless spectator of such a national transformation, and then walked into such an enchanted ground, even in a fit of somnambulism, is inconceivable to anyone who knew his instincts.

The best authorities on the special subject of reciprocity treaties of the United States (Professors Laughlin and Willis) assert of the twenty or thirty compacts negotiated by that country that not one, with the exception of the treaty with France, can be shown to have been an economic benefit, and even regarding France there is divided opinion. It is remarkable that in some cases there was a decline in United States trade, following the treaties, in those very commodities which the agreements were supposed to influence.

It is well to recall that in the very year the treaty with Canada was negotiated, the United States President, Pierce, negotiated a treaty with the Kingdom of Hawaii for the annexation of those islands, but the sudden death of the King broke off the negotiations. That Mr. Pierce had annexation in mind in the treaty with Canada is plain from his letter to Israel D. Andrews, the real founder of the Canadian treaty. The President instructed him to aim to " stimulate and extend an increased regard

for this country (the U.S.) and its institutions" and observed that "the feelings and sympathy of a people sometimes follow in the same channel with its trade." These two treaties were, perhaps, the dormant seeds of the expansionist policy which burst so suddenly into full bloom in 1898. At all events, in 1876, a treaty of reciprocity was made with Hawaii. Almost the sole product of those islands, for export, was sugar. The sugar tariff of the United States was a complicated affair and it is not necessary to go into its details further than to say that it was so unfair to the domestic sugar interests of the United States that the sugar Kings in sheer self-defence had to buy up the plantations in Hawaii in order to control the situation. Then the white residents and agents of the planters engineered a revolution which deposed the Queen and placed an American named Bole at the head of affairs, and Mr. Bole handed the country over to the United States. Cleveland, who was then president, regarded the property as stolen goods and declined the offer, which, however, was accepted by President McKinley and his party, and the sugar trust recovered its loss by the annexation of the islands.

Cleveland looked upon reciprocity treaties as an illusion in economics, as well as in politics, to a country that desired to mind its own business. In one of his messages he said: "It is evident that tariff regulation by treaty diminishes that independent control over its own revenues which is essential for the safety and welfare of any government." It is said in defense of the present agreement that it is not a treaty and can be terminated or changed at any time. If it is the intention of either party to amend its tariff at any time without regard to the other, then one may ask what is the sense of making the legislation interdependent?

In 1891 the United States entered into a treaty with Spain in behalf of Cuba and Porto Rico, and sugar again formed an important subject of trade. In this treaty all restrictions were removed from

United States shipping on the coasts of these islands and there was such an invasion of the islands by United States merchants, manufacturers and shipping, as well as sugar interests, that one cannot be surprised this was soon felt in the politics of the islands. There is little doubt that the stories of Cuban sufferings that were poured into the United States excited a sympathy among the people that was genuine and unselfish; there is just as little doubt that the selfish interests of capitalists were at the bottom of the agitation, and that so far as the sugar Kings were concerned there was the purpose to repeat in Cuba and Porto Rico, where they also lost by the treaty, the same tactics that had succeeded in Hawaii. The war with Spain followed and the Philippines and Porto Rico were annexed, and though Cuba was given a nominal independence, it is not denied that the United States government framed the charter of liberty and the Cubans were required to subscribe to its limitations. The two naval stations retained by the United States in Cuba gave notice to the world that no treaty can be negotiated by that island without the censorship of the United States.

We recall in this connection the purchase of Alaska in 1887 by the United States. Secretary Seward, who was most intimately concerned in obtaining the cession of Alaska from Russia, stated soon afterwards that his object in acquiring that territory was to prevent its purchase by England, thereby preventing the extension of England's coast line on the Pacific and also because he believed it would strengthen American influence in British Columbia (which had not yet joined the confederation) if that Province was bounded on the North as well as the South by the United States. On the same occasion in an interview with the late Senator Simpson he said that "political union with the United States was the manifest destiny of Canada and that the longer Canada resisted the inevitable the longer she would defer the development of her natural resources."

Such have been the political results of two reciprocity treaties of the United States. Under the leadership of Secretary Blaine a series of treaties was negotiated with some South American countries, but these were economically so futile that other South American countries declined to follow, and at the Pan-American Commercial Congress, held at Washington, some delegates expressed themselves frankly as holding Mr. Blaine's schemes in light respect, on economic grounds, while other delegates were as clearly suspicious of political motives.

Regarding the Blaine reciprocity treaties Professors Laughlin and Willis remark that the growth of trade after the Dingley Act was due to general trade expansion in all countries, and they add: "It is undeniably true that the general growth of our exports to all countries has been proportionately as great or greater than the growth in exports to the reciprocity countries. As things are organized in this world no one ever gets anything for nothing. Such concessions could be made by us to others, or by others to us, only because it was hoped that compensation for the exceptional advantages would be made through the acquirement of political superiority, or influence, or territorial expansion. We have seen in what way these remarks apply to Cuba. It is at this point that reciprocity assumes the form in which it was denounced by President Cleveland. It appears as a device for entangling our revenue system with that of foreign countries for the purpose of territorial expansion or national aggrandisement."

And there you have from a trustworthy source the political philosophy of this economic fallacy.

Considering the manifest desire of the people of the United States for tariff reform it hardly seems courageous for President Taft to attempt to divert the attention of his countrymen from the domestic problem by seeking to drag in the Canadian Government to act the part of the goat in the well in a reciprocity scheme which neither the Canadian people nor the Canadian Government had

been recently considering. The Canadian Government, on its side, weakly yielded to the blackmail of the maximum tariff threat, and as is the common experience where one lacks courage to resist the blackmailer they have landed into more trouble than if they had manfully fought at the first.

In rebuking the fears of those who think that the proposed agreement will weaken the loyalty of Canadians, some declare that a loyalty which depends on dollars is a poor defense in a real national danger. This is a solemn truth as both Greece and Rome found when they trusted in their wealth and left their defense to hired legions. But for precisely the same reason an international amity which is founded on trade considerations is insecure as a house built upon quicksand. These are two complementary truths; and it requires no prophet to foretell that those public men on both sides who are so obsessed with the notion that they can serve God and Mammon in this way are a phantom ship luring these two countries into trouble.

After all, the worst aspect of enforcing such an agreement is the discord and friction it will engender between the two peoples. The relations of Canada and the United States were never better than at the close of last year, because each had became reconciled to let the internal affairs of the other alone. This treaty, however, opens the road to renewed interference, and yet does not settle the internal economic problems which each has to solve for itself. The reciprocity bargain is not tariff reform for the United States and it is not conservation of natural resources for Canada. If any administrators concerned in this affair imagine that an international peace can be based on a bargain by which a few classes of people in both countries are favoured with trade advantages, procured by the robbery of other classes, they will find that the country at large cannot long be held under the hypnotic spell of that delusion.