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The Liberal Party and the British Preference



A claim not borne out
by facts

War Budget increases Preference
to Great Britain

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The Liberal Party and the British Preference

In their frantic efforts to cover up their unenviable record the Liberals are putting forward the plea that they are the champions of the British preference. The spectacle of Sir Wilfrid Laurier with his record of antipathy to everything that is British parading across the public stage in the garb of a defender of this principle, would be amusing were it not so palpably dishonest.

THE FIRST ADVOCATES OF A PREFERENCE.

Let us see what are the records of the two parties in respect to the British preference.

In the first place it is necessary to point out that the trumped up claim that the Liberals are the progenitors of closer trade with Britain is nothing more than a bit of Laurier mythology. The father of the British preference idea is Sir Charles Tupper. The grand old man of the Conservative party pointed out the advantages of closer commercial relations between Canada and Britain as far back as 1878.

Ten years later a Mr. Marshall, supporting Sir John Macdonald, moved a resolution affirming that it would be to the advantage of Canada to have a trade alliance with the Mother Country; and the late Mr. D'Alton McCarthy put forward, from time to time, views of a similar character.

PREFERENCE BLOCKED BY FREE TRADE.

Where were Laurier and the Liberal leaders then on the great question of British trade? We will let Sir Wilfrid answer. Speaking before the Young Men's Liberal Club of Toronto, September, 1889, he gave his views as follows:

“I may say at once that I would be in favour of a more close alliance with Great Britain. BUT IF THERE IS ANY MAN WHO BELIEVES THAT SUCH AN ALLIANCE BETWEEN CANADA AND GREAT BRITAIN CAN BE FRAMED UPON ANY OTHER BASIS THAN THAT OF FREE TRADE, THAT MAN IS A RIP VAN WINKLE WHO HAS BEEN SLEEPING, NOT ONLY FOR THE LAST SEVEN YEARS, BUT FOR THE LAST FORTY-FOUR YEARS.”

Sir Wilfrid knew when he made the above declaration that there could never be a preference for Great Britain under Free Trade. He merely sought to cover his hostility to closer connection in trade as in everything else by resort to a characteristic quib. And coming down to a later date, does any one to-day suppose that the Liberal party was thinking of a preference with Great Britain when it unblushingly advocated "Commercial Union" and "Unrestricted Reciprocity" with the United States? Was there any thought of a British preference in the Free Trade platform of 1893 ?

Laurier followed Sir Charles Tupper.

In 1896, Sir Wilfrid Laurier admitted that Sir Charles Tupper was the father of the British preference idea. In an address in Toronto he used these words:

"I agree with him (Sir Charles Tupper) in regard to preferential trade. . . . The advantages are obvious, so obvious that the moment I saw the idea I jumped at it, and immediately declared myself in favour of it."

LIBERAL TARIFF NOT PREFERENTIAL.

This brings us to 1897. To-day the Liberal party would have this country believe that in that year they instituted what is now known as the British preference. They instituted nothing of the kind. They introduced a reciprocal tariff act, section 17 of which provided as follows:

"When the customs tariff OF ANY COUNTRY ADMITS THE PRODUCTS OF CANADA ON TERMS, WHICH, ON THE WHOLE, ARE AS FAVORABLE TO CANADA AS THE TERMS OF THE RECIPROCAL TARIFF REFERRED TO ARE TO THE COUNTRIES TO WHICH IT MAY APPLY, articles which are the growth, produce or manufacture of such country, when imported direct therefrom, may then be entered for duty, or taken out of warehouse for consumption in Canada, AT THE REDUCED RATES OF DUTY SET FORTH IN SCHEDULE D TO THIS ACT."

Here is incontrovertible evidence that the Liberal party in 1897 decided to apply the preference, not merely to Great Britain—they parted company with Sir Charles Tupper and the Conservative party there—but to other countries who were the bitter commercial rivals of the Motherland and the Empire. Here are the words of the Hon. Mr. Fielding at that time; they leave not the slightest doubt as to what the Laurier Government had in mind:

"We do not by our resolution OFFER ANYTHING TO GREAT BRITAIN ALONE. WE MAKE OUR OFFER TO EVERY NATION THAT IS WILLING TO ACCEPT IT. We make it to every nation which is willing to establish fair and reasonable trade relations with Canada."

What was there of a British preference about that?

THE CONSERVATIVE POLICY CLEARLY DEFINED

The Conservative party at that time realized that instead of tending towards a closer commercial alliance with Great Britain the measure introduced by the Liberals actually sought to stab British trade in the back, and Sir George Foster, the then financial critic of the Opposition led by Sir Charles Tupper, attacked it in these words:

"It may be that the Dominion of Canada, if it could make preferential terms with Great Britain AND WITH GREAT BRITAIN ALONE, would be willing to do it to an extent which might press hard upon the industries of Canada itself. But whilst from the warm blood of loyalty that courses in her veins, she would make that sacrifice for Britain, IT IS ANOTHER THING WHEN WE ARE ASKED TO PLACE OUR INDUSTRIES AT THE COMPETITION AND MERCY OF A NUMBER OF NATIONS."

Mr. Joseph Chamberlain's suggestions in 1896 for a British Zollverein, made at the third Congress of the Chambers of Commerce of the Empire, was recalled by Sir Charles Tupper, who urged that it offered an opening for obtaining preferential trade with Britain; and the veteran statesman bitterly complained that by the Laurier-Fielding proposal this opportunity was thrown away. Here are his closing words:

"We find that question of preferential treatment, with all its growing prospects and opportunities for drawing Canada and the Mother Country more closely together thrown away, and this miserable system of differential treatment undertaken in the teeth of treaties and obligations by which the Mother Country is bound."

The Favoured Nations Treaty forced the Liberals to abandon their reciprocal proposals, and the following year they were compelled to narrow them down to Great Britain.

The foregoing is the plain unvarnished history of the birth of the British preference. Will anyone say, in the light of these facts, that Laurier is its legitimate father?

LIBERALS DESTROY THE PREFERENCE.

So much for the Liberal myth of loyalty and the British preference. Let us examine another phase of that party's attitude towards closer commerce with Britain.

In 1896 more than 61 per cent. of Canada's total imports were from Great Britain; in 1908 the percentage had fallen to 27. In 1896, of the imports coming into Canada free of duty, 22 per cent. came from Great Britain. In 1908 free imports from Britain had dropped to 17 per cent. During the same period free imports from the United States rose from 64 per cent. to 70 per cent. What do these figures mean? Simply that the Laurier Government, notwithstanding all its professions about the British preference, adopted an attitude of gradual hostility towards freer trade with the Mother Country while all the time making concessions to the United States. Yet in its leading editorial on the War Budget the Globe went so far from the truth as to say that "for the first time since 1896 a Canadian Government had raised the tariff against Great Britain."

RAISED THE TARIFF AGAINST BRITAIN.

But what are the facts? Between 1900 and 1907 the Laurier Government raised the preferential rate on more than two dozen commodities of vital importance to the consumer. It raised the preferential rate on dry white lead from 3½ to 20 per cent.; white lead in oil from 16½ to 30 per cent.; drain tiles from 13½ to 15 per cent.; sewer pipes from 23½ to 25 per cent.; monuments from 23½ to 30 per cent.; cotton fabrics from 16½ to 17½ per cent.; coloured cotton from 23½ to 25 per cent.; sewing thread from 16½ to 17½ per cent.; clothing from 23½ to 25 per cent.; twine and cordage from 16½ to 20 per cent.; bags, jute and cotton seamless from 13½ to 15 per cent.; wool cloth from 23½ to 30 per cent.; wool clothing from 23½ to 30 per cent.; socks and stockings from 23½ to 25 per cent.; door mats from 23½ to 25 per cent.; carpets from 23½ to 25 per cent.; oil-cloth from 20 to 25 per cent.; caps and hats from 20 to 22½ per cent.; collars and cuffs from 23½ to 25 per cent.; silk clothing from 23½ to 30 per cent.; paints from 16½ to 20 per cent.; varnishes from 13½ cents per gallon to 20 cents per gallon.

COUNTERFEIT LOYALTY OF LAURIERISM.

Thus it will be seen that not only did the Liberals take away from the Motherland the preference they had given her, but they actually taxed several important articles at a higher rate than had ever obtained before. Yet this is the party that is indulging in mock heroics to-day over the British preference. He would be a fool indeed who would be misled by the counterfeit loyalty of Laurierism.

THE WAR BUDGET INCREASES PREFERENCE.

Having analyzed the spurious Liberal claim that Laurier is the father and friend of the preference, let us for a moment examine the contention that that preference has been decreased. The Liberal mind seems to confuse the idea of a preference with a lower tariff, or Free Trade, when, as a matter of fact a country must have Protection to grant a preference.

If all goods entered Canada free, what preference or advantage would the British manufacturer have over the foreign manufacturer? Under the old tariff the British manufacturer enjoyed a preference.

Had the Minister of Finance increased both the general and preferential rate five per cent., the British manufacturer would still have had the same preference. But instead, the Minister increased the general rate by $7\frac{1}{2}$ per cent. and the preferential rate by only 5 per cent. Who that can master the simple rules of addition and subtraction will say that this did not increase the preference of the British manufacturer by $2\frac{1}{2}$ per cent., by \$2.50 cents on every \$100 worth of goods imported into Canada? Last year Canada imported goods to the value of \$329,000,000. On every dollar's worth of these goods the preference of the British manufacturer has been increased. It is not a question of a preference over goods made in Canada; it is a question of a preference over all other nations who sell goods to Canada. That preference over all other nations has been increased. If all last year's imports—\$329,000,000—were supplied to Canada by Britain, British manufacturers, under the new tariff, would pay about nine and one-half million dollars less of duty upon them than would have to be paid by foreign manufacturers, were they supplied by foreign countries. Could there be a plainer illustration of the fact that the preference has been increased?

A NEW PREFERENCE IS CREATED.

But the Minister of Finance in his War Budget has done more than that—he has established a new British preference. Last year Canada imported goods that were free of duty to the value of \$208,000,000. What preference did Britain have, what preference could she have, in supplying us goods that were on the free list? Under the new tariff there is imposed upon the great proportion of these goods a tax of $7\frac{1}{2}$ per cent. from foreign countries and 5 per cent from the British Isles. The British manufacturer is thus given a preference over his foreign competitor in the Canadian market that he did not have before?

And yet in the face of these simple facts Liberal leaders maintain a prolonged yell about the "decrease" in the British preference. Throughout his whole speech on the War Budget Sir Wilfrid Laurier harped on that one thing. The leader of the Liberal party has pursued such a wavering inconsistency throughout his whole career that there is very little to be gained by condemning his arguments out of his own mouth; so we will be

satisfied to answer him out of the mouth of his own Finance Minister, the Hon. W. S. Fielding.

FIELDING GIVES THE ANSWER.

Here is what that gentleman thought about increasing the British preference, when, addressing the Colonial Conference of 1902, he used these words:

"I would like, Sir, to say, from a Canadian point of view, we think THAT AN ADDITIONAL PREFERENCE IN THE SHAPE OF A HIGHER DUTY MAY GIVE THE BRITISH MANUFACTURER A GREATER ADVANTAGE than perhaps Mr. Chamberlain is disposed to think possible. WE DO NOT PROFESS THAT WE WANT TO INTRODUCE BRITISH GOODS TO DISPLACE THE GOODS MADE BY THE MANUFACTURERS OF CANADA. That is a point we must speak with great frankness.

"The statistics show that our tariff is not prohibitive; it is a moderately protective tariff. We say it is incidentally protective. The statistics show that we are importing from abroad vast quantities of goods, and the statistics also show that England is not holding her own, or is barely holding her own, of late, and that a large proportion of these are coming from foreign countries. If these goods are being imported, then, BY AN INCREASE OF THE DUTY, THEREBY INCREASING THE PREFERENCE TO GREAT BRITAIN, THE GOODS ARE STILL GOING TO BE IMPORTED, BUT WE CAN TURN THE TRADE, AS MR. SHEDDEN POINTED OUT, FROM THE FOREIGNER TO GREAT BRITAIN. Take the class of goods to-day, in which there is 30 per cent. duty with one-third off, the British goods come in at 20 per cent. There is thus 10 per cent. advantage to the manufacturer. If you increase 45 per cent. and still KEEP YOUR PROPORTION OF ONE-THIRD, YOUR PREFERENCE THEN BECOMES 15 PER CENT., AND THAT IS AN ADDITIONAL ADVANTAGE TO THE BRITISH MANUFACTURER AS COMPETING WITH THE FOREIGN MANUFACTURER."

Here we have Laurier completely answered by Laurier's own Minister of Finance. If, says Mr. Fielding in effect, you increase the duties, and still maintain your proportion of one-third in respect to the British preference, you give the British manufacturer an advantage over the foreign manufacturer greater than he possessed before. Could anything be plainer than that? Could there be a more convincing and logical defence of what the Hon. Mr. White has done in his War Budget?

CONSERVATIVE FIGHT BRINGS RESULTS.

In summing up it can be said that the records show that the Conservative party were the first to advocate closer trade relations with the Motherland. That party stood for a closer commercial alliance with Britain when the Liberal party stood for commercial union with the United States. It stood for the British preference when Sir Wilfrid Laurier sneeringly declared that he preferred the "Yankee dollar to the British shilling." It stood for the British preference when the Liberals introduced a measure that offered no more to Britain than it offered to Spain. It stood for British trade when the Liberals sought to sell the commercial independence of Canada for American gold. To-day in spite of Liberal opposition it has increased the British preference by two and one-half per cent. and created a new preference for British goods on what was formerly the free list.

