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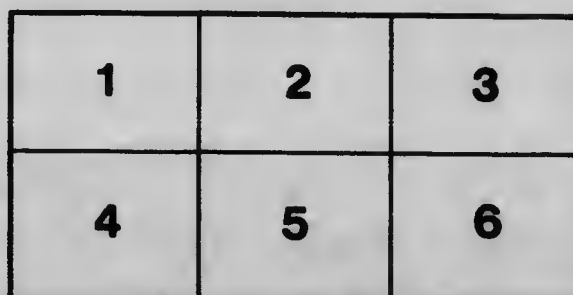
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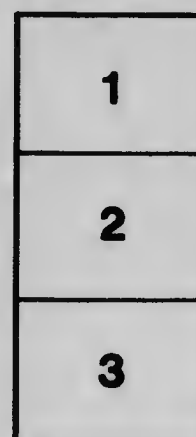
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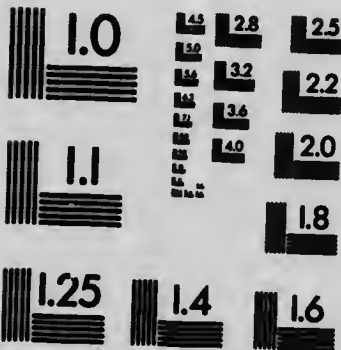
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# CHAMBERLAIN PROPOSALS

FROM A CANADIAN POINT OF VIEW.

By J. C. SUTHERLAND, B.A.

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It is because we are Imperialists, and not because we are Free Traders, that we oppose Mr. Chamberlain, and urge the nation to reject his advice. It is because we desire with all our heart and with all our strength the welfare of this Imperial realm, because we long to see the Empire grow in might and security, and to behold the daughter nations of the Empire overseas free and prosperous, and the motherland also free and prosperous, that we would warn the British people to avoid "this poisonous plant whose touch is death."

Mr. Chamberlain's proposals should be considered not so much on economic as on Imperial grounds. They are essentially disruptive, though they are so well meant and have about them so specious an air of unity. Adopt them, and we shall find that instead of uniting the Empire we have shaken it to its foundations. Reject them, and let the Empire go forward on the old lines of liberty and Free Trade, and the Empire may face her future without fear. To say that the Empire cannot exist as now, we will not say on sentiment for it is a word much misused, but on the feeling of race loyalty and of a common ideal, is to misread history.

EDITOR, "The Spectator," (London).

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# THE CHAMBERLAIN PROPOSALS

## FROM A CANADIAN POINT OF VIEW.

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The first question to be considered in connection with the Chamberlain proposals is the end or purpose they have in view. And with regard to this end or purpose there is, up to the present, at any rate, a real and logical demarkation between the views of Mr. Balfour and those of Mr. Chamberlain. Mr. Balfour desires fiscal reform for the purpose of obtaining what he considers will be a weapon in the hands of the British government to compel protectionist countries to deal less unfairly with Great Britain. He calls the weapon Retaliation. Mr. Chamberlain, on the other hand, professes to desire fiscal reform for the purpose of giving to the colonies such advantages over other countries that they will become indissolubly attached to the Mother Country and will be prepared on their part to offer more solid and real trade advantages to Great Britain than they have hitherto given.

Such are the ostensible purposes of Mr. Balfour and of Mr. Chamberlain, in the briefest form. But do they constitute the real underlying purpose or purposes of the two leaders? The answer to this question would in no essential way affect the discussion of the Chamberlain proposals from the Canadian point of view. It is asserted by the opponents of Mr. Balfour and Mr. Chamberlain that they are simply the leaders of a movement in favor of protection for its own sake and are deriving support from that portion of the British manufacturing interest, which, for some time, has been jealously observing the opportunities for spoliation enjoyed by competitors in Germany and the United States, and from that portion of the British agricultural interest which considers that its prosperity lies in the control of food prices.

But whether protection for its own sake is the real purpose of the movement or not, the fact we are confronted with is that the Chamberlain proposals, with the ostensible purpose of welding the Empire together by means of tariff arrangements, have been with great energy brought before the attention of the whole Empire and will probably compel consideration for some time to come. Difference and, indeed, variety of opinion on the subject exists in Canada as well as in Great Britain, but naturally difference of opinion is less acute in Canada where the question has not as yet been thrown into the political arena. At the same time it has to be admitted that there is in the Dominion a good deal of acquiescence in the proposals, as manifested by the endorsements of the boards of trade throughout the country, but it is to be noted that the discussion of

the question in detail is far less active here than in Great Britain. In view of this fact it is just possible that the acquiescence of many may mean no more than an endorsement of the perfectly just and laudable principle that everything should be done to forward the rapidly developing trade between Great Britain and Canada.

In the interest of freer discussion (as they have it in Great Britain) I propose to offer here some reasons and considerations, from the Canadian point of view, opposed to the contention that, if carried into effect, the Chamberlain tariff arrangements would tend to bind the colonies more firmly to Great Britain. Being convinced that our connection with Great Britain can be maintained for a long time to come without the interposition of great tariff adjustments and being convinced that we have ideals and methods of government which happily debar us from thinking of absorption with the United States, I think that it is our duty to examine closely the offered proposals and not to be misled into outbursts of approval which may have no other foundation than sentiment or immediate self interest. Imperial sentiment is certainly a good thing. It is thriving well and is doing splendid work all over the Empire. But there is Imperial responsibility as well to take into account, which imposes the necessity of thoughtfulness at such a juncture as the present. It imposes the necessity, above all things, of judging carefully whether our self interest, the ultimate governing motive with us as with other nations, is to be served only temporarily or for a long time to come, by the Chamberlain tariff proposals. If only temporarily—if this and the other preference fails to work to our advantage, if the currents of trade (as they often do) go contrary to the best laid plans, if the exclusion of our competitors from the British market on one line should lead to an abnormal competition on another line that we esteemed equally important—then will arise dissatisfaction and a questioning of the Imperial bonds created by supposed mutual interest.

And that these are fanciful suppositions will not be maintained by any business man who has seriously studied trade movements and tariff effects. It is in the indirect tendencies of a preferential system that the possibility lies of disappointment and danger and it is in view of these rather than from fealty to Free Trade, that the ablest and wisest economists of the Mother Country are opposed to Mr. Chamberlain's scheme. The man in the street has ordinarily no doubts as to the effect of a particular duty or set of duties. His creed is the simple one that protective duties will immediately benefit those who impose them and injure those against whom they are imposed. Unless some such simple creed is believed by a very considerable majority of the people of this continent, it is impossible to explain on rational grounds why the flimsiest and weakest appeals to protectionism find such ready and continual acceptance. But to the trained economist the problem of the prospective effect of a particular duty is a much more difficult matter. Like the trained physician who is aware at the outset of a disease that complications may arise but is unable to foretell what they may be or what course they may take, so the trained economist is aware that every protective duty is liable to have effects not contemplated by its authors and possibly, indeed frequently, injuring as many as it benefits. In this connection it may be allowable to quote the words not of a professional economist but of a trade expert in a recent

number of the "Nineteenth Century" (Dec., 1903). Mr. Sampson Morgan says:—

"One of the most instructive features in connection with the import fruit trade of Britain is that since the Colonial Secretary subsidized the Jamaica banana boats with a grant of £40,000 a year for ten years, the value and popularity of the competitive Canary fruit have increased remarkably. As I write the fruit importers are offering Jamaica bananas from 4 shillings to 8 shillings a hunch while they price the Canary samples from 8 shillings to 15 shillings. Here, then, we have an object lesson on the benefits of skill. During the week while 26,377 hunches of subsidized bananas went into Bristol from Jamaica, 135,776 bunches went from Jamaica to Baltimore, so that, although we pay the subsidy, America gets the fruit. Again, while 26,377 hunches reached us from Jamaica, 45,521 came from the Canaries. Considering that the scheme of the Colonial Secretary meant competition with their fruit in the English markets, the Canary cultivators met the new departure by increased skill in production and packing, with the result that the better quality product more than holds its own against the carelessly grown and carelessly shipped subsidized bananas. The position of the Jamaica banana industry has not been really improved through the subsidy, but that of the Canary growers has been strengthened in the English markets. Subsidies and protective tariffs make the producers careless. Competition induces skill, and the skilled producer is the master of the situation."

It may be noted that Mr. Morgan's article is not directly a discussion of the Chamberlain proposals, but treats generally of the fruit trade of Great Britain. Let us apply his illustration to our own export butter trade. In 1896 the value of the butter we sent to Great Britain was \$893,053. In 1902 by steady increase it had reached the splendid sum of \$5,459,300. In 1895 our shipments constituted 1.38 per cent. of Great Britain's total imports of butter. In 1902, they constituted 7.19 per cent. of the whole. The only state aid was the provision of cold storage which the steamship companies had declined to undertake, but which they will soon doubtless be offering on every line in the course of ordinary business competition. The great development of our export butter trade is largely due to the fact that our farmers had been awakened to the possibility of competing successfully with Denmark if modern methods of creamery manufacture were adopted. But the creamery system in itself is not the whole secret of the success of Danish butter in the British markets. It is the uniform quality of the grades which are permitted to be exported. If Canadian butter is to hold its own and, as it is to be hoped, to do more than hold its own the intelligent farmers of the Dominion must be prepared to support a Self Denying Ordinance similar to that of the intelligent Danes. But Mr. Chamberlain proposes a preference on colonial dairy produce. What would a preference of, say, two or three cents on the pound of butter procure for us? Very possibly, a temporary increase in our exports, including enough poor quality butter to give the Canadian product a bad name for half a century. Careless we were twenty-five and thirty years ago in our exports of dairy butter, with injury to our name up to the present. Thousands of tubs we sent were as good as any in the world, but mixed in with the shipments were thousands of tubs of the poor, the ran-

and the nondescript which proved an intolerable worry to the general and local dealers on the other side. Careless, too, we might easily become again in the fancied security of free right of way to a protected market.

The principle that a protective exclusion on one line of production may lead to exceptional competition in another line should be familiar to us. A few years ago the United States raised a high tariff against our barley, in spite of the protests of their own maltsters who claimed that they needed the hardy northern grown quality for their business. The exclusion did not, however, ruin the Ontario farmer. On the contrary, it led to the splendid development of our export bacon trade, which rose from a little over \$1,000,000 in 1892 to over \$12,000,000 in 1902. The duty against our hay, moreover, is certainly not an unmixed injury. It has encouraged us to the production of the higher products, beef, butter and cheese and with less drain upon the richness of the soil.

But to turn from indirect possibilities, there is one direct consequence of the Chamberlain proposals which has not been sufficiently weighed in our public discussions of the question. If the preference proposed to be accorded us on agricultural products is to be made workable, it is inevitable that we would have to put up duties on those products against the rest of the world (outside of the Empire), equal to the amount of the preference. In other words, we would be committed to a policy of protection to agriculture which would be determined from time to time not according to our needs, but according to the needs of the agricultural interest in Great Britain. Take the case of wheat. Mr. Chamberlain speaks of a two shilling duty on the quarter of wheat, but it is admitted on all hands that that amount would be considered insufficient and that the duty would rise inevitably to eight or ten shillings. It is frequently assumed that a protective duty on agricultural products cannot affect prices to the Canadian consumer. This is perfectly true under our present independent fiscal system. But it is not so certain under a general preferential system as proposed by Mr. Chamberlain. Under that system, there would be, undoubtedly, a stimulated production in Canada, but there would be a stimulated export trade as well and as Man does not wholly control Nature, nor the forces of production, it is perfectly conceivable that, from time to time, the price of the whole supply within the "ring wall" of the preferential system would rise to the price of the part taxed in Great Britain, and that, consequently, the price of flour, and indeed, other food stuffs might be seriously increased to the Canadian consumer. Is the "inevitable rise to eight or ten shillings the quarter" merely supposition? Expert opinion is clear that nothing less will effectually exclude wheat from the United States and the Argentine Republic; and that exclusion is necessary if Canada is really to benefit by the preference. Do our national ideals include that of making Canada a dear country to live in?

Again, there is the question of the hearing of Mr. Chamberlain's proposals upon the Canadian manufacturing interest. A curious shifting of position on the part of the Canadian manufacturers (at least of that portion who consider protection necessary to their business), has taken place during the last few years which has not been sufficiently noted, especially as it may throw some light upon the possibilities of shifting opinion for the future. It is to be noted

in the first place that, apart from the academic discussion of the question going on at intervals for years, the first important body in Canada to voice a demand for a preferential arrangement was the protectionist manufacturers. The demand arose after Canada had given, as the present writer believes, for her own sake and to her own benefit, a preference to the manufacturers of the Mother Country. The cry which arose from our manufacturers was that this preference was too one-sided and that Great Britain should give us one on her food-stuffs in return. Whether the real object was to discredit the Fieiding preference or not, the fact remains that the first demand for a return preference came from the protectionists. It is equally certain that many of them were disconcerted when last May Mr. Chamberlain took up the challenge. It looked too much like dead earnest and could inevitably mean only a still greater and more real preference to British manufacturers if Great Britain gave a preference to our agricultural products. The true attitude of the Canadian manufacturers came frankly to light at the Montreal meeting of the British Chambers of Commerce. They professed, as usual, ardent attachment to the Empire and wished success to Mr. Chamberlain, but they stated most emphatically through their president that their business interests required that the protective duties against Great Britain would have to be higher and not lower than at present in any preferential scheme that might be adopted. Mr. Chamberlain was disappointed, and naturally. He had been misled by their previous utterances.

But if the manufacturers have had, as some of us maintain, too preponderating a voice in Canadian tariff legislation, they are right in so far as they maintain that our tariff legislation must remain in our own hands. Let us blunder as we may in putting protective duties upon this article and upon that for our own supposed benefit. The mistakes in this direction we can only blame upon ourselves and correct of our own accord. But do not let us attempt the arduous task of framing a tariff that will suit the Empire at large and ourselves at the same time. Difficulties, hickerings and jealousies which will only loosen the bonds of Empire must be the result.

What, then, is the alternative? Or is there any alternative but the dismemberment of the Empire? One ardent Canadian Imperialist has gone so far as to say, in London, that an opponent of Mr. Chamberlain's views is either an open or secret enemy of the Empire. We have heard exaggerated language of the kind before on other occasions. It is permissible to suspect that an insidious annexationism must lurk in the hearts of those who so constantly think that disruption is at hand if their views are not agreed with.

But is there any real need of great fiscal change for Canada at the present time? If there is, there is no evidence for it either in the trade returns or in the general spirit of the Canadian people. The resources and possibilities of the country were never better appreciated than they are at the present moment; and the development of our resources is assured by the steady growth of our immigration. Technical education is receiving due attention in our universities together with that wider scientific culture which must ever be the basis of technical instruction, and they must inevitably bear fruit here as elsewhere in a greater reliance upon intelligence and skill than upon protective tariffs, for industrial success. We

have our political problems and we are working at them. No stroke of statesmanship, however brilliant, can settle them for us in the twinkling of an eye. We have a united Canada to develop quite as much as a united Empire. We are, too, in the main loyal to the Empire, and if we wish to do some Empire building in a quiet way there is nothing to prevent us—unless it is the ultra-loyal protectionists. The present duties average eighteen per cent. against Great Britain and twelve per cent. against the United States, although Great Britain is our best customer. It is true that the difference in the percentage is due to the large amount of raw materials we admit free from the United States. Nevertheless the percentage could be more nearly equalized and it would be a practical alternative to Mr. Chamberlain's scheme, if we have to remain protectionist.

But, after all, as was well said recently by Professor Shortt of Queen's, the bonds of Empire are spiritual and not material. The trade bonds of Canada with the United States were once very close, but their abrogation by the United States did not drag us into annexation. No one doubts to-day but that reciprocity with our neighbors would again be of immense advantage to our material development, but the question arouses no active interest in Canada. We know in the first place that the treaty would be of uncertain duration and hence disturbing to our trade when abrogated. But more certainly still are we, as a people, becoming convinced that we must work out our own destiny. The recent organization of Canadian Clubs is a manifestation of the growing desire to develop a sound recognizable Canadianism. Too much yet, perhaps, are we re-acted upon in politics and our journalism by an "Americanism" which carries with it the danger of an assimilation in political sentiment and ideals. But Mr. Chamberlain cannot cure this tendency. We must do it ourselves. We must develop a Canadian point of view. And in so far as it is manly, generous and just it will be British in its spiritual alliance and truly Imperial in its possibilities.

Richmond, Que., January, 1904.



