

F 99

No. 2.  
**INFORMATION FOR THE ELECTORS.**

---

CONSTITUTIONAL  
OF A LIBERAL

# THE LIBERALS

AND

# THE TRADE POLICY.

---

The position of the Liberals on the general trade policy of Canada has undergone many and remarkable changes. In the time of the old reciprocity treaty, they were generally in favour of it and of a revenue tariff upon manufactured goods, as indeed were both political parties at that time. After the abrogation of that treaty in 1866, they proclaimed themselves favourable to an attempt to have it renewed, although not at the price of national honour or material interests.

The Hon. George Brown, a shining Liberal light, thus expressed himself with reference thereto:—

“ But be this as it might, it was not for the people of Canada to be influenced by any such anticipation. They had shown their ability to open new markets for themselves when the American market was closed against them, and the clear path for them was to follow with redoubled energy and perseverance the policy on which they had entered. . . . Let them seek to develop their great natural industries, and especially the agricultural, shipping, fishing, mineral and lumber industries. Let them open up new markets adapted to their traffic, and let the Canadian flag be found floating on every sea.”

F 99  
L 151-3  
C 7581

The *Globe* newspaper in 1869, when the new leader of the Government, Sir John A. Macdonald, was trying by delegation and otherwise to induce the United States government to renew the old treaty, thus alluded to the question :—

“Hon. Alexander Mackenzie in a speech said : ‘ I deprecate the idea of cringing to the Americans. I appreciate fully the benefits of reciprocity, but I do not think it becomes us, under present circumstances, to make any efforts for its renewal. I believe that we should pursue our trade policy without regard to reciprocity.’ ”

And Sir Richard Cartwright, in Charlottetown, in 1878 made this declaration :—

“ If you say you are going to frighten the United States into reciprocity by imposing certain duties on articles now coming in from that country, all I have to say is this, that the men who tell you that reciprocity with the United States is essential to your existence are, in my opinion, playing a most unwise and unpatriotic part. I don't deny the advantages of a free and fair exchange with the United States, but I say that Canada is not so dependent as these men would have us suppose, on the markets of the United States; that we are able to hold our own with the United States in any market that is equally open to the competition of us both.”—Speech at Charlottetown on Aug. 16th, 1878.

These were all indicative of a policy at once honourable and manly—of a willingness to treat for a fair measure, but not to cringe for favour, or to despair if reciprocity was refused.

When, during the Liberal regime from 1874 to 1879, and after the failure of repeated efforts to obtain a measure of reciprocity from the United States, it became evident that some other policy was necessary to develop the industries, to protect the labour and expand the resources of Canada, and the Liberal-Conservative party advocated the national policy, a moderate protective fiscal system, as necessary to Canada, the Liberals threw their whole force against it. They declared the protective system to be a “barbarous” one, that it was simply “legalized robbery,” that it would diminish the revenues, impoverish the people, enrich the monopolists, and in short bring only evil upon the country. They were then free traders in principle, emulated the British system, and inveighed against Protection in all its forms, citing that of the United States as the most dangerous of all. The

defeats of 1878 and 1882 did not diminish their opposition to Protection nor lighten their assaults upon its principles and its alleged effects.

Along with their opposition to the National Policy, they pleaded for a reciprocity treaty with the United States on the old lines of that of 1854, and blamed the Liberal-Conservatives for not successfully accomplishing it.

Defeat and the more cogent argument of good results seen on every hand which it was impossible for them to declaim away, brought a change in 1887, and the leader of their party, Hon. Edward Blake, announced that change in his celebrated Malvern speech in January of that year, in these words:—

“No man, I care not how convinced an advocate of free trade for Canada he may be, has yet suggested—no man, I believe, can suggest—a practicable plan whereby our great revenue needs can be met otherwise than by the continued imposition of very high duties on goods similar to those we make, or can make, within our bounds, or on the raw materials. I invite the most ardent free trader in public life to present a plausible solution of this problem; and I contend that he is bound to do so before he talks of free trade as practicable in Canada. I have not believed it soluble in my day; and any chance of its solubility, if chance there were, has been destroyed by the vast increase of our yearly charge and by the other conditions which have been created. The thing is removed from the domain of practical politics.”

In these plain words he renounces in the name of his party their former heresy of free trade as impracticable, and bound himself, Sir Richard and his followers, to adhere to the policy of Protection in all its essential conditions.

On this platform he appealed to the country, but the country distrusted the genuineness of the party's conversion on the eve of a general election, and maintained its faith in the old policy of 1878 and in its consistent adherents.

Shortly after the elections of 1887, Erastus Wiman, a Canadian resident in New York, conceived the idea of a new propaganda. This was to be the salvation of Canada, or rather of the shattered fortunes of the Liberal party, and he was to be its chief apostle.

It was, in fact, the child of a United States politician of little note named Mr. Hitt, and was known as Commercial Union.

The idea was simply that:—

1. The tariff of the United States should be adopted by Canada.

2. The Customs Houses were to be abolished between Canada and the United States, but maintained against the rest of the world.

3. The import duties collected in both countries were to be pooled and divided on a *per capita* basis between the two countries.

This was preached through Canada and the United States by Mr. Wiman. It was enthusiastically adopted by the Liberal papers in large part, by the Liberal leaders, Mr. Blake and Mr. Mackenzie excepted, and for a time promised to become the evangel of the party in Canada.

Sir Richard Cartwright, in 1888, on March 14th, moved the following resolution in the House of Commons:—

“That it is highly desirable that the largest possible freedom of commercial intercourse should obtain between the Dominion of Canada and the United States, and that it is expedient that all articles manufactured in, or natural products of, either of said countries should be admitted free of duty into the ports of the other (articles subject to duties of excise or of internal revenue alone excepted); That it is further expedient that the Government of the Dominion should take steps at an early date to ascertain on what terms and conditions arrangements can be effected with the United States for the purpose of securing full and unrestricted reciprocity of trade therewith.”

This is in substance, but not in detail, Mr. Hitt's and Mr. Wiman's plan. The resolution was silent as to details, but was accepted by Mr. Wiman as equivalent to his own scheme and as such received from him equal and like advocacy as his own.

Since 1887, Mr. Laurier, the leader of the Liberal party, Sir Richard Cartwright, Mr. John Charlton, Mr. Longley, Attorney-General of Nova Scotia; Prof. Goldwin Smith, and other lights of the party, have been in constant communication with Mr. Wiman, Mr. Hitt, Mr. Butterworth, and others, United States politicians at Washington; have made missions to that



city and to New York and Boston, and have cabaled with men there for the purpose of inducing them to assist in the successful carrying out of their plan.

What then is this new policy upon which the Liberal leaders have settled as the policy for the Canadian people? Let its sponsors and originators answer.

Mr. Hitt says:—

“What is commercial union with Canada? It means, as set out in this resolution, the adoption by both countries of precisely the same tariff of duties, or taxes to be levied upon goods coming from abroad; abolishing altogether our line of custom houses on the north, by which we collect tariff duties on goods coming from Canada; abolishing their custom houses along the same line, by which they collect duties upon goods we send into Canada; and leaving intercourse as unrestricted between this country and Canada as it is between the States. The line of custom houses would follow the sea and include both countries.

“The internal revenue systems of taxes on liquors and tobacco in the two countries would also have to be made uniform in both.

“The proceeds of taxation thus collected would be equitably divided, and the fairest way would seem to be in proportion to population.”

Mr. Butterworth says:—

“The adoption of the system proposed would involve the assimilation of tariffs, rates and internal revenue taxes, and possibly an arrangement for pooling receipts from customs, and a division on some equitable basis.”—Address by Hon. B. Butterworth, before the Canadian Club, N.Y.

Mr. Wiman says:—

“That as against the world, the same rates of duty should be collected by Canada as are now levied by the United States, while between the two countries of North America the customs line should be completely obliterated.”

Prof. Goldwin Smith says:—

“Commercial Union, would of course, involve assimilation of tariffs which, however, would present no insurmountable obstacle to negotiation. It would also involve an assimilation of the liquor (excise) duties.”

Mr. Laurier, at the pavilion in Toronto, October, 1889, declared for “a uniform standard of customs and tariff duties.”

On every platform from which he has spoken since 1888, he has nailed the flag of unrestricted reciprocity to the mast, and cited as his co-workers in the United States, Mr. Hitt, Mr. Butterworth, Mr. Blaine, and others.

This identifies him and his party with the plan proposed by them and their co-workers and which has been outlined above.

The adoption of this policy for Canada means:—

1. That her tariff of 30 per cent. on dutiable imports is to be exchanged for that of the United States, which averages about 60 per cent.

2. That Canada is to discriminate against and practically prohibit imports from Great Britain and the rest of the world.

3. That Canada is to lose in this way from present revenue over \$8,000,000 now collected on imports from the United States; at least \$2 600,000 now collected on sugars and molasses from other countries, and which on assimilation of tariffs must be made free: and about \$6,000,000 now collected on imports from Great Britain and other countries, which would under the new plan be hereafter imported from the United States,—a grand total of from \$16,000,000 to \$18,000,000.

4. That this deficiency in revenue would have to be made up by direct taxation; and would fall with telling force upon the farmers of the country, and men of small holdings; being a sum of about \$3.50 per head of the population, or \$17.50 for each family.

5. That whilst being called upon to pay this amount yearly to the tax collector, the people would obtain none of the advantages of free trade, but, on the contrary, would be placed, according to Liberal teaching, under the galling yoke of a protective tariff double that of Canada at present.

6. That the tariff-making power would be handed over to a foreign country—made for us at Washington—and we should virtually be left in the position of paying taxes without being represented.

7. That entrance upon this path would inevitably lead to complete dependence upon the United States, and to ultimate absorption therein.

If Canada and the United States are to have a common tariff, it is of the highest importance to know who is to make it and what it is to be. Sir Richard Cartwright and his supporters avoid the discussion of this question whenever possible, and when compelled to speak say it is merely a question of detail of little importance that will be settled by a commission composed of representatives of the two countries.

Their allies in the United States are not so indefinite. In his speech at Detroit, Mr. Wiman said it would be settled by a commission whose basis would be population, and that "the proportion would be ten members for the States for every one for Canada." It can easily be understood what the position of Canada would be under such an arrangement. It is perfectly understood across the line as has been well put by the *New York Post* and *Chicago Times*. The *New York Evening Post* says:—

"If Canada agrees to have the same tariff as the United States, the making of it must, of necessity, be left to the American Congress, or, in other words, the power to tax the Canadians must be ceded to the United States, and the power to tax soon carries all other powers with it. It is just as well for everybody who is interested in this movement on either side of the line to bear this in mind. The United States cannot allow a small province like Canada to say what their import duties shall be, so that Canada would have to allow the United States—in fact, if not in form—to say what her import duties would be."

On this point the *Chicago Times* speaks as follows:—

"It must not be forgotten that this proposition implies a complete surrender by the Dominion Parliament to the American Congress of all control over the principal source of the Dominion's revenue, the tariff. Whatever it may please the American Congress to do regarding the tariff, that the Dominion Government must forthwith accept. Our Congress would have even more power over the Dominion under this arrangement than it would in the event of political union, because the people of the Dominion would have neither vote nor voice in Washington under the proposed commercial union. Not only would our Congress prescribe and change at pleasure all the tariff taxes exacted from the people of Canada, but our executive officers and our courts would make all the rulings and decisions affecting rates for the Dominion as well as for the United States."

Hon. Mr. Butterworth, the mover of the first resolution in

Congress, upon which the agitation was founded, said of the effect of this policy:—

“It is apparent to all that in the consummation of what is now proposed, the Monroe doctrine becomes an accomplished fact throughout all this continent.”

This means that Canada would lose not only control of her fiscal policy but also her connection with the Mother Country. That many who are advocating this policy in Canada know and are definitely labouring to bring about such a result is clear from the evidence recently given by Mr. Wiman before the United States select committee on relations with Canada. He said:—

“It is, to-day, impossible to elect a single, solitary member of Parliament on an annexation platform. It would be ruin to any politician to set up and advocate annexation. On the other hand, there is a vast number who have not the slightest hesitation in arguing strongly for a commercial arrangement, the result of which might be—in their own minds—a political arrangement to follow.”

It is clear that such a policy would be for Canada annexation without representation in Congress, and under it Canada would be a second Egypt, without any voice in the control of her own affairs. Against such a policy, Reformers, like Hon. Alexander McKenzie and the late Hon. George Brown, have plainly declared themselves. In his speech in defence of the proposed treaty of 1874, Hon. George Brown said:—

“I come now to the objections which have been urged against the treaty from such quarters as entitle them to a formal answer. The first of these is the allegation that the treaty discriminated against Great Britain in favor of the United States. Nothing could be more unfounded than this. It was perfectly understood from the opening of the negotiations that no article could be free from duty in regard to the United States that was not also free with regard to Great Britain, and nothing else was ever contemplated for a moment.”

Hon. Alexander McKenzie, is of the same opinion now as he was when at the head of the Government. On the 8th of January last, in a reply to an address from his constituents, he said:—

“I could never consent to the Zollverein policy for obvious reasons, but I cannot conceive why any one should object to reciprocal free trade, secured by treaty, and not inimical to the



interests of Great Britain as the head of the empire. I shall feel it to be my duty to vote in the direction of these remarks in Parliament."

### TRUE UNRESTRICTED RECIPROCITY.

True Unrestricted Reciprocity, as interpreted by Hon. Mr. McKenzie and advocated by a number of his followers, means not only the broadest free trade with the United States but also with Great Britain and all the world beside; because it is clear, that if there is to be no discrimination against Great Britain her products must be admitted as freely to our market as those of the United States. As our importations are mainly from those two countries, absolute free trade is the natural consequence. From the quotations above given it is clear that the United States will not agree to such a reciprocity. We can easily understand why. There would be the danger of smuggling into the United States from Canada, products admitted into the latter free but on which the former levies a high duty, and because Canadian manufacturers obtaining their raw materials free would be placed at an advantage over United States rivals whose raw materials would be heavily taxed. A large portion of the Reform party have declared free trade to be a practical impossibility for Canada. Hon. Edward Blake's speech at Malvern, in 1887, has already been quoted.

In his speech in Toronto, as reported in the *Globe* of October, 1889, Hon. Mr. Laurier, now leader of the Opposition, said:—

"The British people will not to-day go back upon the policy of free trade which they have adopted, and Canada is not in a position at this moment, with the large revenue it has to collect, to adopt any other than a revenue tariff at least."

Hon. J. W. Longley, of Halifax, in a letter published in the *Commercial Union Handbook*, says:—

"Personally, I would regard absolute free trade as a better solution of our difficulties. But this seems not to be a practical question at the present moment. The most sanguine public man would despair of being able to induce the Canadian people to accept the broad doctrine of commercial freedom, and a revenue derived chiefly from direct taxation."

If this sort of unrestricted reciprocity, which would retain control of our own affairs and of all our fiscal institutions, is opposed by the leading advocates of reciprocity on both sides of the line, it is out of the question in practical politics, and is only retained by the Opposition for the purpose of deceiving the loyal and free trade sections of the Reform party who are against any reciprocity that would enclose Canada with a McKinley tariff against all the world save the United States.

It must be remembered that the policy of the Government will give to the Canadian farmer all the advantages he can get from commercial union, and free access to the United States market without the corresponding disadvantages of commercial union, as proposed by Messrs. Wiman, Cartwright & Co.

#### THESE DISADVANTAGES.

1st. The loss of a large portion of our manufactories. Canadian manufacturers would labour under the same disadvantages in competing with the manufacturers of the United States, as the latter claim to exist between them and those of Great Britain and Europe, viz., less capital, shorter experience and smaller factories. The United States manufacturer, with his greater capital, experience and plant, is in a position at once to invade Canada, while his Canadian rival with his limited means would not be in a position to retaliate. The United States manufacturer would be working under precisely the conditions he now finds about him, and would be ready instantly to take advantage of the new market open to him.

The United States being the larger market, and the treaty being only for a limited term of years, no manufacturer would think of erecting a factory in Canada for the larger market which, at the termination of the treaty, might be closed and his investment rendered worthless.

More serious still is the fact that a large quantity of the goods produced in Canada have incorporated in them some design, or some device covered by patent in the United States. On the other hand, but comparatively few such products of

United States factories would meet with such a bar to entrance into this country. The Canadian manufacturer would thus find his natural market cut into at all points, while he would be absolutely prohibited from touching the trade of his rival.

