

PREFERENTIAL TARIFFS

TO THE EDITOR OF *THE TIMES*

SIR,—My remarks at Dingwall call forth a cablegram from your distinguished Correspondent in New York, which puts the case far too mildly. I went beyond saying that "British discriminations in tariffs between the products of United States and Canada would not tend to the union of Britain and America"; I said that such would chill the warm feelings of affection which have germinated so satisfactorily in the last few years and tend to drive the two nations apart. It seems to me that this is obviously true. Lord Rosebery attaches such importance to the danger that he said (June 13): "Against what country will this tariff be primarily directed? The United States, which sends us by far the largest portion of our foodstuffs. I would look with the greatest doubt and suspicion on any such proposition as that."

From a remarkable editorial in the *Standard* I quote, "Nor can we see how it could operate without causing

friction with foreign nations and fostering international enmities and jealousies. Any differential tax which protected Canada would be aimed directly at the United States. How mischievous it would be for us to purchase a temporary benefit at the cost of estranging the friendship and the good-will of the great English-speaking Republic!

You see, Sir, I am not alone apprehensive.

The second portion of the cablegram does not bear upon the issue. Your Correspondent says, quite truly, "Americans would not resent Britain's imposing duties on American imports while America, with Mr. Carnegie's full approval, has long excluded large classes of English imports by duties which are in effect prohibitive." Britain could place any duties she thought proper upon her imports provided there be no discrimination against the United States, and no American would raise the slightest objection; but naturally every American would resent discriminating duties against his products, and consider how he could parry or return the blow.

Colonial preference is no new question to the American. He met that issue in 1825 by countervailing taxes levied upon British ships in his ports. Britain retaliated, and there was industrial war, the result being the victory of the Republic. There has been equality ever since. Mr. Huskisson at first resisted the claims of America for equality with Britain in her own Colonies,

pronouncing it "an unheard-of pretension"; but the following year he announced his conversion to the present policy in a speech which it would be well for public men to read to-day.¹ One sentence, perhaps, you can find room for:—"Mr. Huskisson contended that the period was now arrived when it would be impossible for Great Britain to continue any longer the system of restrictive duties, without inducing retaliation on the part of foreign countries, the effect of which would be most disastrous to our commercial interests."

Having demanded equality of treatment with Britain and the Colonies and won it while a mere stripling in 1825, is it likely that the Republic of to-day will fail to maintain it if attacked? I think not.

Your Correspondent is much too kind in calling me a "high authority." I cannot deny his statement, however, that high duties have been adopted with my approval; but these were never preferential, and have also been reduced from time to time with my approval. The duty on steel rails, for instance, is just one fourth what it was, and with my full approval will go lower.

Whatever influence I may have obtained with both parties on tariff questions must be traced to the moderate views which I entertain in regard to protection. That it is sometimes necessary and advisable for new countries to encourage and guard promising new industries, I am

¹ Huskisson's Speeches, vol. ii. p. 273.

fully persuaded ; but whether permanent protection can be beneficial to an old country whose manufactures are fully developed is another story. I heard our President say at the opening of the Public Library in Washington recently that "the man who always needed or wanted to be carried was never worth carrying."

It matters not to the Republic what position is claimed for Britain and the Colonies, her right and duty are clear, to protect herself from injury by adopting any countervailing measures thought proper. And this, whether the aggressor be "an Empire one and indivisible" or only a "concourse of fortuitous atoms" liable to dissolve at any moment.

Mr. Chamberlain, in his Birmingham speech, holds both views. In the first part "the Colonies are as independent as ourselves." In the latter part "the Empire is one and indivisible." Facing the Colonies he probably finds the second view erroneous ; facing foreign Powers it is the first view that must be found so.

The Republic makes fiscal treaties direct with Canada and Nova Scotia upon which the Royal veto is as obsolete as upon British legislation, and naturally finds itself in harmony with Chamberlain's first view ; but this is merely an academical question.

Any nation, large or small, has the undoubted right to do as it pleases in fiscal matters, if prepared to meet the consequences of counter-action by the others.

The full voice of the Republic upon a British preferential tariff in favour of Canada cannot be heard until such is enacted, although your Correspondent has not failed to keep you advised of the New York *Sun's* ominous statement that, if the Republic were thus made hostile to Britain, the grain of Canada would never reach her ports for shipment. He also apprises you of "dissatisfaction in the North-West," the agricultural region. These are only straws. The attitude of the nation will naturally be a waiting one, conscious of her power to protect her interests and compel the restoration of equal treatment as she did before. It is the easiest matter possible ; a word from the President cancels the privilege now generously extended to Canada of reaching open American ports through American territory with all her foreign business, exports and imports, free of duty, for five months in the year when her own ports are icebound. She uses this privilege all the year. President Roosevelt is the last man I could think of who would hesitate one moment to say that word ; but even he and all his Cabinet would be powerless to resist the imperious demand that at least we should not furnish the weapon that enabled another Power to wound us.

The following reaches me this morning from America in answer to my inquiry. Canada shipped through American ports in 1902, 28,546,000 bushels. I can find

no statement giving number of bushels through Canadian ports; but as the total value of Canadian foodstuffs exported to Britain in 1902 was only \$22,471,000, it seems that a large portion of her entire shipments must reach Britain over American territory and through American ports.

The withdrawal of the privilege given Canada would probably be sufficient to satisfy Britain that the American people were in earnest. Negotiations would soon begin, and the privileges so rashly disturbed be restored simultaneously. Peace would reign, but the bitterness created would remain for years to retard return to the present unusually cordial relations so wantonly impaired.

Surely, Sir, there must be a wiser and better policy for her to-day than to attempt to revert to the discarded policy of discrimination against the Republic which feeds her and furnishes the cotton which keeps running 35 million out of her 44 million spindles. The world combined could do neither one nor the other, nor is there a fair prospect of its being able to do either for generations. It seems fatuous folly, therefore, under present conditions, to strike at this indispensable friend by attempting to deprive her of the equality of treatment she has enjoyed. How to enlarge her privileges as compared with other countries would be more to the purpose. Let no one fail to recognise the immense difference between the position of the country which has surplus

food and cotton to sell and that which must obtain food or starve, and get cotton or seriously suffer. It would only inconvenience the Republic, if the sale of that part of her surplus food and cotton she sells to Britain were interrupted, for a season.

Even should Britain return to the policy of protecting manufactures and also levy preferential duties upon certain imports, it would be statesmanship of the highest order to announce that the latter would not be exacted by the Motherland upon the products of the Republic—the other branch of her own race, once her colony, now the Republic, but always her child.

Unbusinesslike as this might appear to the bargaining politician incapable of estimating after-effects, it would prove one of the few strokes of supreme statesmanship in the history of nations. It would rivet the two branches of the English-speaking race together in an unbreakable, though unwritten, virtual alliance, sure to prove effective in the hour of need. The response which the young and generous Republic would make to this action of the mother, should the day of dire disaster ever come upon her—which Heaven forbid!—would be magnificent. No danger of the food supply being obstructed then by any combination under any circumstances. No danger of invasion, much less of permanent occupation, of “The Sceptred Isle.” This would be statesmanship indeed.

At the risk of destroying my newly-acquired reputa-

tion as "a high authority," I venture to make this prediction. It will be found impossible for Britain to discriminate in favour of Canadian products against those of the Republic without inaugurating a war of tariffs, in which she will suffer defeat as she did before when she tried to enforce this policy.

Permit me to explain that my words at Dingwall were in reply to an eloquent speech proposing my health as the youngest burgess. None of the reasons given by the orator for the honour conferred won credence with me except that which proclaimed my affection for both my native and adopted lands, and praised my desire for their drawing together in the future, even to the final healing of the foolish quarrel which divided them. I knew that was true, and "upon this hint I spake," but in doing so I hope that, as it is a matter only under inquiry, it will not be thought that I have infringed upon the rule I have formed never to touch upon party questions while enjoying the hospitality of my old home.—Yours respectfully,

ANDREW CARNEGIE.

SKIBO CASTLE,
20th July 1903.

Printed by BALLANTYNE, HANSON & Co.
Edinburgh & London