

*12th Dinner*

ADDRESS OF  
CHARLES S. HAMLIN

AT

ECONOMIC CLUB DINNER

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It may have been forgotten by many that under Article XI of the Articles of Confederation, in force prior to the United States Constitution, Canada was given the absolute right to enter the Union. This right was accorded to no other Colony except with the affirmative vote of nine out of the thirteen States.

The area of Canada is only little less than that of the United States. Her population, however, is under seven million, less than that of the State of New York and about that of the State of Pennsylvania. In spite of this disparity as compared with the United States, Canada is a great, practically independent and growing nation exhibiting a marvellous increase in the past few years and giving promise of a future development which bids fair to be the wonder of the civilized world. This development is parallel with that of the United States. Had it not been for our hostile tariff legislation there would have been a much greater interdependence between the two countries. The question before us is whether this interdependence, the result of natural location and propinquity, cannot be increased in the future.

It may surprise some of us when we realize that Canada, near Kingston, Ontario, comes down into the United States nearly as far south as Providence, R. I.

Canada bought in the year 1909 nearly two hundred million dollars worth of our products, an amount greater than the purchases

of South America, Central America and Mexico combined. On the other hand the United States bought of Canada only about eighty-nine million dollars worth.

In our trade with Canada our exports exceeded our imports for the year 1908 by ninety-one millions while the imports from South America exceeded our exports by forty-one millions.

I have said that Canada and the United States are interdependent. Canada needs our sea ports in the winter and the people of New England and the people of the northwest need Canada as a short line of communication. In fact nearly every State in the United States participates in this transit traffic from one part of the United States to another through Canada and similarly there is much traffic going from one part of Canada to another through the United States.

When we consider the question of the foreign trade we shall find that there is a large traffic from Canada to foreign ports going through the United States and a similar traffic from foreign ports to Canada through the United States. Conversely, there is considerable traffic going from the United States to foreign ports through Canada and conversely from foreign ports to the United States through Canada.

There is considerable immigration to the United States coming from foreign countries through Canada and by arrangement between the two countries American officers examine these immigrants at Canadian ports.

We have also negotiated a treaty covering the water ways between Canada and the United States and pointing towards the con-

ervation of natural resources. Nor should we forget that there is a movement of people from the United States to Canada and that this is one of the largest agricultural movements taking place in the world. Last year probably seventy-five thousand people left the United States ~~to~~ to take up a permanent residence in Canada.

The question before us is, as I have said, whether the development of Canada in the future is to run along parallel lines with that of the United States or whether this development can be turned in some measure at least so that the present interdependence can be increased to the mutual profit of both countries.

In discussing future commercial relations with Canada, it is necessary briefly to consider what these relations have been in the past.

Prior to 1845 Canada had a system of differential duties favoring Great Britain and discriminating against other countries, notably the United States. In the year 1845, however, Great Britain permitted Canada to fix her own tariffs and it is significant that one of the first laws passed by Canada under this power admitted United States goods into Canada on terms of equality with Great Britain, the existing differential duties being repealed. This action represented a reduction in the tariff of Canada against our goods of from seven and a half ~~per cent~~ to twelve and a half per cent and an increase against English goods of from five to seven and a half per cent.

At this time there was a growing feeling in Canada that the United States was outstripping her in her commercial development and there was considerable feeling of unrest and some desire

for annexation. It was felt that the cultivation of greater trade relations might satisfy the unrest and the question was taken up with vigor by the Canadian government. Strong efforts were made by the respective countries to agree upon commercial reciprocity by legislation but it was realized that there were other important questions, especially free navigation of the St. Lawrence River, which made a trade treaty desirable. Finally the reciprocity treaty of 1854 was negotiated between the two countries. This treaty went into force on March 16, 1855, and lasted until March 17, 1866. It covered the questions of navigation of the St. Lawrence River, of the fisheries and of the tariff. It provided for absolutely free trade in certain specified articles the growth and product of either nation. It was confined substantially to crude products, the duties on manufactured articles not being changed. The list of free products contained many things which presumably the people of the United States would want to buy from Canada but comparatively little of the things which Canada presumably would wish to buy of us. Yet during the eleven years of the continuance of the treaty our average yearly sales were over twenty-five millions of dollars as compared with an average of nineteen millions of dollars during the six years preceding the treaty, being an increase of over thirty-two per cent. During the eleven years of the treaty Canada bought of us about nineteen millions of dollars worth more than we bought of her. On the whole, the treaty was decidedly advantageous both to the United States and Canada although its operation was somewhat impaired by the financial crisis of 1857 and later by the Civil War.

At the beginning the treaty was popular in both countries although no manufactured goods were included within its scope, the manufacturers of the United States had previously, as I have before stated, been put on an equality with the English manufacturers. The action of Canada, however, in subsequently increasing the duties on manufactured products brought about considerable dissatisfaction and lead to a careful investigation by special experts as to the operation of the treaty. It was claimed that Canada was not warranted in increasing the duties on manufactures and that there was some implied agreement when the treaty was negotiated that this should not be done. An examination into the matter, however, discloses that such a claim is without foundation and that Canada, in spite of the increases, left her duties on manufactured products below those placed by the United States on her products in the tariff act of 1857. The increase of duties on the part of Canada was a necessity demanded by the needs of greater revenue by the Canadian government.

The treaty was finally abrogated although such action was bitterly protested against by many people in the United States. There was a convention called in Detroit at which representatives from New England, the northwest and the principal border cities were present objecting to such repeal.

It is a fact that the great transportation companies had begun to be alarmed at the possible consequences of free navigation of the St. Lawrence River and the competition of the Grand Trunk Railway and their influence was decidedly felt in voicing the opposition. On the other hand the coal and iron producers of

Pennsylvania, New York and other States were beginning to find good markets in Canada and they viewed the continuance of the treaty with favor. The real underlying cause of the abrogation was undoubtedly political and not commercial.

In 1866 Canada tried to negotiate a new treaty but failed. A similar unsuccessful effort was made in 1869 and in 1874 a treaty was negotiated authorizing the appointment of Commissioners to take up the question of reciprocity but was rejected by our Senate.

The matter continued to be discussed with various resolutions introduced into the legislatures of each country on the subject. Senator Sherman, in 1890, introduced an amendment to the McKinley tariff law providing for the appointment of Commissioners to negotiate but it failed. In the same year Senator Hale introduced an amendment providing for reciprocity with all countries of the Western Hemisphere but the Senate Finance Committee reported it omitting Canada; later this was changed into the reciprocity provision of the McKinley tariff act.

Finally a conference was held in 1892 between the two countries which failed inasmuch as Secretary Blaine insisted on reciprocity in our manufactures which should apply only to the United States and not to the benefit of other countries.

In 1893 the Liberal Party of Canada declared for reciprocity and in 1896 a Commission was sent to Washington without, however, any success.

Thus it will be seen that Canada, until recently, has done everything in its power to bring about friendly commercial relations with the United States but has received very faint encourage-

ment. Her present desire seems to be to favor the Mother country at the expense of all other countries and this policy surely cannot be objected to by us. She has also recently inaugurated the practice of negotiating treaties with other great nations and it must be evident to all of us that it is time for the United States to throw aside its attitude of indifference and to use every effort to bring about freer trade relations between the Republic and the Dominion.

An examination of the trade returns shows that Canada last year took sixty per cent of its total imports from the United States buying of us seventeen millions worth of bituminous coal, fourteen millions worth of anthracite coal, eight millions worth of cottons, five millions worth of fruits and nuts, four millions worth of boards, three millions worth of books, maps, etc., three millions worth of agricultural implements, two and a half millions worth of wheat, two and a half millions worth of automobiles and many other commodities.

On the other hand, we bought of Canada lumber to the amount of eighteen millions, copper four millions, wood pulp four millions, cattle hides three and a half millions, furs and fur skins undressed one and a half millions, copper ore and matte one million, horses a million and many other commodities.

Canada takes a very material portion of our export trade. An examination of the statistics shows that ninety-eight per cent of our anthracite coal exports are sold in Canada; sixty-five per cent of our bituminous coal exports; forty-five per cent of our exports of books, maps and engravings; forty per cent of our ex-

ports of structural iron and steel; thirty per cent of our automobile exports; thirty per cent of the exports of fruits and nuts; twenty-five per cent of the exports of telephone and electrical apparatus; twenty per cent of exports of builders' hardware and from ten to fifteen per cent of exports of agricultural implements, steel rails, cars, carriages, etc.

Canada buys only one-half as much from Great Britain as she sells to it while she buys over twice as much from the United States as she sells to us. She has to draw on Great Britain to pay the United States for her purchases from us.

When we consider the marvellous development now going on in the United Dominion, it becomes a very practical question with us how to increase our trade to the mutual advantage of both countries. The feeling in favor of a Canadian reciprocity treaty has been growing rapidly in the United States. While the farmers, or some of them, have some fears, the manufacturers of the United States have strong hopes of obtaining such a treaty. On the other hand, in Canada the farming interests greatly favor such a treaty, while ~~the~~ fears are expressed by the manufacturers.

It would seem to follow that by a meeting of minds a commercial treaty can be negotiated which will enormously increase the trade of the two countries with one another without injuring any vested interest in either.

Recent events in connection with the application of the maximum tariff clause of the <sup>present</sup> ~~tariff~~ tariff came as a great shock to the people of the United States. It seems entirely incomprehensible to them how it could be necessary to add twenty-five per cent



to the existing duties applicable to Canadian products, thus greatly increasing the burdens of the consumers of the United States. The country is certainly to be congratulated that a way was found out of the difficulty and that this maximum duty was not imposed.

Canada, eager on her part to avoid a trade controversy, has made certain concessions which enabled President Taft to avoid imposing the maximum duty. By means of these concessions we have secured the same duties on a few articles as those which Canada gave to France in the recent French treaty. Canada has also lowered her duties contained in the Omnibus clause, so-called, from twenty per cent, the existing rate, to seventeen and a half per cent, a net reduction of two and a half per cent. She reserved the right, however, to grant the same concessions to all other foreign countries so that these concessions are not peculiar to the United States.

Among the articles covered by the Omnibus clause, so-called, the duties of which are reduced two and a half per cent, are cotton seed oil; mineral waters; celluloid manufactures; manufactures of straw, etc. Among the articles reduced to the rates fixed in the French treaty are dates, figs, raisins, prunes, currants, almonds, toilet soaps, perfumes, toilet preparations, dressed leather, artificial flowers, watch actions and watch movements.

It should be remembered, however, that these concessions do not constitute a commercial treaty between the United States and Canada and that the relief from the concessions is a relief given to the consumers of Canada and not to those of the United States, for the United States made no concessions whatsoever in the

duties fixed by the new tariff unless it be that the failure to impose the maximum duty may be considered a concession.

On the contrary, although the United States succeeded in inducing Canada to give concessions in duties, thus benefiting her consumers in various articles, on many of these articles the United States, in the recent tariff, increased the duties, thus putting a heavy additional burden of taxation upon our people. For example, we succeeded in obtaining from Canada lower duties on our manufactures of celluloid, but we increased the duties on similar manufactures imported into the United States; we obtained a reduction in the duties on manufactures of straw for our manufacturers, but we increased the duties on such articles when imported into the United States. So, also, we obtained lower duties on our exports to Canada of dates, figs, toilet soaps, perfumeries, toilet preparations, artificial flowers and other articles but under the recent tariff we increased the duties on such articles when imported into the United States thus placing a heavy burden on our consumers.

Another striking instance will be found in the case of watch movements. We secured a slight concession on the duties imposed by Canada upon our exports of watch movements but the new tariff has increased the already excessive duty of sixty-six per cent on the cheaper kind of watch movements imported into the United States by over twenty-five per cent and I understand that the price of these cheap movements has been increased since the tariff by American manufacturers. We thus secured a reduction of twelve and a half per cent in the duty for our manufacturers when exporting to

Canada but increased the duty on the cheap imported watch movements by twenty-five per cent.

I think it is fair to say that this kind of commercial reciprocity the people of the United States want no more of.

The question arises, can a mutually favorable commercial treaty be negotiated between the two countries and if so what can be the basis of such negotiations. I think the conditions are now most favorable to a negotiation of such a treaty in the United States. The power of the unreasonably high protectionists is on the wane and the interests of the whole people must predominate.

On the other hand, special interests have never had the power in Canada that they have had in the United States because of the Parliamentary form of government which makes the Canadian Ministry directly responsible to the people.

What then has the United States to offer as its contribution to such a treaty?

I would suggest the following as not by any means an exclusive list. Free coal, lumber, pulp, printing paper, wheat and grain, meat and food products, horses, <sup>hay</sup> cattle and iron ore.

On the other hand what could Canada give to us? While I certainly do not feel competent to venture to express a positive opinion on this question, yet I should suppose that Canada might give us more favorable terms on agricultural implements, machinery, on certain kinds of textiles, silks, steel and iron products, wine, citrus fruits, coal, lumber and agricultural products. Some of these could be put on the free list and others at a reduced rate of duty.

It may be replied that any reductions given to manufactured products from the United States would also have to be given to the other great countries of the world. To my mind, however, this would make no practical difference. The nearness of the United States to Canada gives us such an advantage that the gain to the United States would be little interfered with by virtue of the same reduction being accorded to foreign countries.

I have now briefly outlined my views upon this great question and submit them with much diffidence. All I have hoped to do is to point out that the negotiation of such a treaty is possible. I appreciate fully that special interests, both in Canada and the United States, will object to any treaty being negotiated, but taking the question in its broad, national aspect, I believe that such a treaty would be for the best interests of both peoples and would result in no injury to vested interests in either country.