

# CANADA WAS WILLING BUT BRITAIN WAS NOT.

Official Statement Issued at Ottawa on the Colonial Conference—Contentions of Canadian Tories Effectually Answered—Even Mr. Chamberlain Opposed Exemptions Canada Desired—Position of Canada's Representatives on the Question of Defence.

(Special Despatch to The Globe.)

Ottawa, Nov. 5.—An official statement dealing with the Colonial Conference in London was issued here today. The papers in connection with the summoning of that conference, which were published some months ago, showed that on the questions of the political relations between the colonies and the mother country Canada was well satisfied, and had no schemes to propose. The despatch of the Canadian Government pointed out that the commercial question was the one that was most interesting to Canada, and they were quite prepared to discuss it. The Canadian Government did not deem it advisable to prepare formal resolutions in advance and submit them to the conference, but the papers now published make it clear that, although no such cut and dried resolutions were sent in by Canada in advance of the conference, this country took an active part in all the conference proceedings and had very decided views upon the various questions which arose. It would appear from the published papers that the commercial question was put in the foreground by the Canadian Ministers, and the documents prove that the desire of Canada for a system of mutual preferential trade was pressed very strongly upon the Imperial Government.

## Tory Bubble Exploded.

The papers serve, if it were needed, to prick the bubble which Conservative orators and newspapers have been blowing for some years. They have been contending that the Imperial Government were quite ready to grant a preference to Canadian goods in the British market and that the Dominion Government were standing in the way. As a matter of fact the Government of Canada, when granting the preference to Great Britain, took the ground that the time was not favorable then for demanding a return preference from the mother country, inasmuch as Great Britain had no duties on food products which could be removed in favor of Canada, but it was pointed out that the movement for the preference would undoubtedly be strengthened by the action of Canada and that if a change should come about in the British policy as respects the duties on food the Dominion would then be in a position to urge her claim for remission. These new conditions have only arisen during the past year, when the British Government imposed duties on breadstuffs. The official papers reveal that not only at the conference, but at an earlier date when the policy of imposing duties on breadstuffs was adopted in Great Britain, the Canadian Government presented and urged the claim of Canada for exemption from these duties.

## Even Chamberlain Opposed.

But instead of this claim meeting with the ready recognition which Canadian Conservatives have all along said could so easily be obtained the British Government have emphatically declined to grant the exemption. Even Mr. Chamberlain, who from his position in the Colonial Office might be disposed to be more friendly to colonial proposals than others in the Imperial Cabinet, was obliged to state that the home authorities could not agree to the requests of the Canadian Ministry. Mr. Chamberlain, however, does not seem to have closed the door finally against any scheme of preferential trade. But in doing so he declined to treat the existing preferential of Canada as sufficient value to call for a return from Great Britain. Canadian Conservatives have always represented that this preference was a boon to Great Britain which Canada should not have granted without compensation, and quite recently announcements have virtually been made by Conservative leaders that the preference assists British manufacturers to the detriment of Canadian manufacturers, and should be withdrawn.

## Canada's Preference Minimized.

Mr. Chamberlain and his colleagues, while appreciating the spirit manifested by Canada in granting the preference and warmly commending Canada for it, held that the intrinsic value of the preference to British trade was not large, and that if any general scheme of preference was to be adopted Canada must not only grant the existing concession to Great Britain, but increase its preference to the mother country. This is the important point to note, in view of the action of the Canadian Conservatives, who have not been willing even to allow the existing preference to Great Britain. The Canadian Ministers were able to make a very strong statement as to the value of the existing preference to Great Britain, but at the same time intimating to the British Ministers that if they were prepared to grant Canada a preference in the British market by exempting her food products from duties now or hereafter to be imposed, the former were prepared to go into the question of devising measures which, without injustice to home industries, would increase the preference to Great Britain, as compared with her

foreign competitors. Several suggestions were made by the Canadian Ministers as to the lines within which this might be done, and they will afford interesting study. Canada's representatives were able to point out methods by which the British producer might receive some further advantage over his foreign competitors. In some cases this could be obtained by a further reduction of duty on British goods. In other cases it was possible that a greater preference might be obtained by an increase of duties on foreign goods. The Canadian Ministers were careful to point out that the increased preference to be brought about by an increase of duties on foreign articles could only be granted in special cases where the consumer would be supplied by the British manufacturer at the lower rates of duty.

## The Official Statement.

The official statement handed out by the Minister of Finance follows:—

"The blue book issued in London contains several speeches by members of the Imperial Cabinet, introducing subjects to the conference, but the debates which followed were treated as confidential, and therefore are not included in the published report. All the resolutions adopted by the conference are published. In several matters of special importance documents were submitted by members of the conference, and those are included in the published report.

"On the subject of preferential trade the members of the Imperial Cabinet were inclined to minimize the value of the preference given by Canada. The British Board of Trade submitted elaborate statistical statements on the trade between the United Kingdom and the colonies, and also a special memorandum on the effect of the Canadian preferential tariff on trade between the United Kingdom and Canada. In this it was argued that, notwithstanding the preference, the Canadian tariff was still high, and that the preference did not very materially benefit Great Britain. This memorandum was met by another prepared by the Canadian Ministers, giving the history of the preferential tariff, showing the increase that had taken place in trade between Canada and the mother country, and contending that this increase was to a very considerable extent due to the preference. Debates on these questions took place and the matter was also considered by the committees. In the course of the negotiations suggestions were made as to further advantages that might be given to Great Britain in return for a preference in the British market.

## What the Colonies Could Offer.

"The President of the Board of Trade, Right Hon. Gerald Balfour, submitted to the conference a memorandum giving the substance of what the colonies were disposed to grant in return for such a British preference. This memorandum is as follows:—

"Memorandum by the President of the Board of Trade—As a result of the communications which have taken place it is understood that the representatives of the colonies hereinafter mentioned are prepared to recommend to their respective parliaments preferential treatment to British goods on the following lines:—

"Canada—The existing preference of thirty-three and a third per cent. and an additional preference on lists of selected articles.

"(a) By further reducing the duties in favor of the United Kingdom.

"(b) By raising the duties against foreign imports.

"(c) By imposing duties on certain foreign imports now on the free list.

"Australia—Preferential treatment not yet defined as to nature or extent.

"New Zealand—A general preference by ten per cent. all round reduction of the present duty on British manufactured goods or an equivalent in respect of lists of selected articles in the lines proposed by Canada, namely:—

"(a) By further reducing the duties in favor of the United Kingdom.

"(b) By raising the duties against foreign imports.

"(c) By imposing duties on certain imports now on the free list.

"The Cape and Natal—A preference of twenty-five per cent. or its equivalent on dutiable goods other than specially rated articles to be given by increasing the duties on foreign imports.

## The Resolution Adopted.

"Ultimately, a resolution on the subject of preferential trade was adopted by the conference and the Canadian Ministers summarized the proceedings on the subject in a memorandum which is included in the blue book.

"The resolution of the conference reads as follows:—

"(1) That this conference recognizes the principle of preferential trade between the United Kingdom and his Majesty's dominions beyond the seas would stimulate and facilitate mutual commercial intercourse, and would, by promoting the development of the resources and industries of the several parts, strengthen the empire.

"(2) That this conference recognizes that in the present circumstances of the colonies it is not practicable to adopt a general system of free trade as between the mother country and the British dominions beyond the seas.

"(3) That with a view, however, of promoting the increase of trade within the empire, it is desirable that those colonies which have not already adopted such a policy should, as far as their circumstances permit, give substantial preferential treatment to the products and manufactures of the United Kingdom.

"(4) That the Prime Ministers of the colonies respectfully urge on his Majesty's Government the expediency of granting in the United Kingdom prefer-

ential treatment to the products and manufactures of the colonies, either by exemption from, or reduction of, duties now or hereafter imposed.

"(5) The Prime Ministers present at the conference undertake to submit to their respective Governments at the earliest opportunity the principle of the resolution, and to request them to take such measures as may be necessary to give effect to it.

#### Canada's Final Proposal.

"The following is the Canadian Ministers' final memorandum on the subject of preferential trade:—

"This subject has frequently engaged the attention of the conference. At an early stage Mr. Chamberlain suggested that the question could most conveniently be dealt with by the representatives of each colony, placing themselves in communication with the President of the Board of Trade, Mr. Gerald Balfour, and the officials of that Department. Accordingly the Canadian Ministers had several protracted interviews with these gentlemen and discussed the whole subject very fully. Opportunity was also taken to present the Canadian view to Mr. Chamberlain. These discussions were naturally of a verbal and private character. Now that the conference is drawing to a close it is desirable that the course of the negotiations and the conclusions reached should be obtained in official form to be placed on record.

"From the beginning of the proceedings the Canadian Ministers have claimed that in consideration of a substantial preference given by Canada for some years to the products of the mother country, Canadian food products should be exempted in the United Kingdom from the duties recently imposed. Representations to this effect previously made through the High Commissioner for Canada were supplemented by the Ministers both in writing and in personal interviews with the Imperial Ministers.

"Mr. Chamberlain on behalf of the Imperial Government was unable to agree to the proposals of the Canadian Government. He represented that the Imperial Government, while highly appreciating the good feeling manifested by Canada in the granting of preferential treatment, did not think its material advantages to the trade of the United Kingdom were as great as the Canadian Ministers claimed. He further said that the change desired by Canada would be an important departure from the established fiscal policy of the Kingdom, and that if the proposals could be entertained at all, as to which he was not prepared to commit himself, it would be necessary for Canada to offer some material tariff concessions beyond those which she had already voluntarily given. The Canadian Ministers, therefore, submitted a memorandum on the subject of the advantages received by Great Britain from the Canadian preferential tariff, with a view to showing that they were of much value, and entitled to weight in the consideration of the whole subject.

#### Question of Further Concessions.

"While urging that the benefits of the preference were such as to entitle Canada to the desired exemption from the duties on food products in the United Kingdom, the Canadian Ministers stated that within certain limitations they were prepared to consider the request of Mr. Chamberlain for further concessions. They stated, however, that it was necessary to have a clear understanding as to the relations of the preference to Canadian industries. While holding that it was not necessary to enter into questions as to the wisdom or unwisdom of the fiscal policy under which those industries had grown up in Canada, they had to recognize the fact that those industries might be seriously affected by further tariff changes. Large reductions of duties had already been made, especially in British imports, and the Ministers feared that in some lines of importance further reductions would create such a disturbance of trade as would not be conducive to the welfare of the country. Therefore, further concessions to the disadvantage of home industry could not be made. But the Canadian Ministers pointed out that the Canadian tariff was by no means prohibitive, that large quantities of goods were imported and that a great proportion of these came from foreign countries. In any lines in which there was reasonable probability that these goods could be manufactured in Great Britain it might be possible to so readjust duties as to give an additional advantage to the British manufacturer, and thus turn over to him a volume of trade the profits of which now go to foreign countries. This readjustment might be brought about in any or all of the following ways:—

#### Methods Suggested.

"(1) In some cases by the reduction of duties now imposed on British goods, where such reduction might be made without injustice to any Canadian industry.

"(2) By the transfer of some articles from the free list to the dutiable list, at such rates as would give substantial

preference to the British manufacturer, instead of leaving him, as at present, on even terms with the foreign competitor in respect to such articles.

"(3) By imposing a small duty as respects foreign goods on some articles now on the free list, while allowing them to continue free as respects British imports.

"(4) In some cases, possibly by an increase in the duty on foreign articles, thus increasing the amount of the preference on British goods. Such increase of duties on foreign articles could, however, only be justified where the market could be supplied by the British manufacturer at the preferential rates of duty.

#### Preferential Trade.

"The Canadian Ministers stated that if they could be assured that the Imperial Government would accept the principle of preferential trade generally, and particularly grant to the food products of Canada in the United Kingdom exemption from duties now levied, they, the Canadian Ministers, would be prepared to carry on the discussion on the lines above mentioned and endeavor to give to the British manufacturer an increased advantage over his foreign competitor in the markets of Canada.

"Meanwhile the Canadian Ministers determined to present to the conference a resolution affirming the principle of preferential trade, and the desirability of its adoption by the colonies generally, and also expressing the opinion of the Prime Ministers of the colonies that his Majesty's Government should reciprocate by granting preferential terms to the products of the colonies in the markets of the mother country.

"In taking this course the Ministers desired to have it understood that they did so with the strong hope and expectation that the principle of preferential trade would be more widely accepted by the colonies, and that the mother country would at no distant day see the wisdom of adopting the same principle by granting exemption in the United Kingdom to the products of the colonies from duties at present levied.

"If after using every effort to bring about such a readjustment of the fiscal policy of the empire the Canadian Government should find that the principle of preferential trade is not acceptable to the colonies generally or the mother country, then Canada should be free to take such action as might then be deemed necessary in the presence of such conditions.

"London, August 11, 1902."

#### Imperial Defence.

"On the question of Imperial defence, the British Ministers desired colonial contributions to the navy and the establishing in the colonies of special military forces to be available when required for service in any portion of the empire. The views of the Canadian Government on the defence question were expressed in the following memorandum:—The Canadian Ministers regret that they have been unable to assent to the suggestions made by Lord Selborne respecting the navy and by Mr. St. John Brodrick respecting the army. The Ministers desire to point out that their objections arise not so much from the expense involved as from a belief that the acceptance of the proposals would entail an important departure from the principle of colonial self-government. Canada values highly the measure of local independence which has been granted it from time to time by the Imperial authorities, and which has been so productive of beneficial results, both as respects the material progress of the country and the strengthening of the ties that bind it to the motherland. But while for these reasons the Canadian Ministers are obliged to withhold their assent to the propositions of the Admiralty and the War Office, they fully appreciate the duty of the Dominion, as it advances in population and wealth, to make more liberal outlay for those necessary preparations of self-defence which every country has to assume and bear. That the taxpayers of the United Kingdom should desire to be relieved of some of the burdens which they bear in connection with military expenditure is quite reasonable. Canada in the development of its own militia system will be found ready to respond to that desire by taking upon itself some of the services in the Dominion which have hitherto been borne by the Imperial Government. What has already been done by Canada must give assurance of the disposition of the Canadian people to recognize their proper obligations. In the early years of the Dominion an understanding was come to between the Imperial and Canadian Governments that Canada should expend about one million dollars annually on her militia system. From time to time that expenditure has been voluntarily increased, and at present, apart from the special outlay in connection with the maintenance of the garrison at Halifax, the Dominion is expending about two million dollars annually on the militia.

"Many Improvements Made.

"The efficiency of the Canadian militia service having been called in question, it may be of interest to note that many improvements have been made during the past few years, notably the organization of an army medical corps and the creation of an army service corps; the strengthening of the headquarters and district staffs, the exercise of greater care in the selection of permanent force officers and the affording of greater facilities for the training of the officers of the active militia. A militia pension law has been enacted for the staff and the permanent force. Annual drill in camps of instruction for the rural corps and a battalion headquarters for city corps have been carried on each year during the past six years. A school of musketry has been established at Ottawa with most encouraging results. Rifle ranges have been and are being constructed at the public expense at important centres all over the Dominion and financial aid is being afforded to local corps in smaller places for the same object. Rifle associations, whose members are pledged to military service if required, are being organized and their formation encouraged by the loan of rifles and by grants of free ammunition. A reserve of officers has been established and improvements have also been made in several other important respects. The work done by the Militia Department in sending contingents to South Africa may be fairly cited as a proof of reasonable efficiency. Without referring to anything that was done outside of the purely Canadian contingents, it is worth of mention that the first contingent under Col. Otter, composed of one thousand men drawn from every section of Canada, embraced within four thousand miles of territory lying between the Atlantic and Pacific Oceans, was organized fully equipped and embarked within a period of fourteen days; and that a second contingent composed of twelve hundred men, field artillery and mounted rifles, was shortly afterwards similarly organized, equipped and embarked within the space of three weeks. But will

thus calling attention to the progress that has already been made by Canada in her militia organization, the Ministers are far from claiming that perfection has been attained. If defects exist there is every desire on the part of the Canadian Government to remove them, and for this purpose the advice and assistance of experienced Imperial officers will be welcomed and all reasonable efforts made to secure an efficient system.

#### Naval Reserve Suggested.

"At present Canadian expenditures for defence service are confined to the military side. The Canadian Government are prepared to consider the naval side of defence as well. On the sea coasts of Canada there is a large number of men admirably qualified to form a naval reserve, and it is hoped that at an early day a system may be devised which will lead to the training of these men, and to the making of their services available for defence in time of need. In conclusion the Ministers repeat that while the Canadian Government are obliged to dissent from the measures proposed, they fully appreciate the obligation of the Dominion to make expenditures for the purposes of defence, in proportion to the increasing population and wealth of the country. They are willing that these expenditures shall be so directed as to relieve the taxpayer of the mother country from some of the burdens which he now bears, and they have the strongest desire to carry out their defence schemes in co-operation with the Imperial authorities and under the advice of experienced Imperial officers, so far as this is consistent with the principle of local self-government, which has proved so great a factor in the promotion of Imperial unity.

"London, August 11th, 1902."

#### Other Resolutions.

The resolutions of the conference on other subjects were as follows:—

"That it would be to the advantage of the empire if conferences were held, as far as practicable, at intervals not exceeding four years, at which questions of common interest affecting the relations of the mother country and his Majesty's dominions over the seas could be discussed and considered as between the Secretary of State for the Colonies and the Prime Ministers of the self-governing colonies. The Secretary of State for the Colonies is requested to arrange for such conferences after communication with the Prime Ministers of the respective colonies. In case of any emergency arising upon which a special conference may have been deemed necessary, the next ordinary conference to be held not sooner than three years thereafter. That

so far as may be consistent with the confidential negotiation of treaties with foreign powers, the views of the colonies affected should be obtained in order that they may be in a better position to give adhesion to such treaties. That it would tend to the encouragement of inventions if some system for the mutual protection of patents in the various parts of the empire could be devised. That the Secretary of State be asked to enter into communication with the several Governments in the first instance, and invite their suggestions to this end.

#### Cable Communications.

"That it is desirable that in future agreements as to cable communications a clause should, wherever practicable, be inserted reserving to the Government or Governments concerned the right of purchasing on equitable terms and after due notice all or any of the cables to which the agreements relate. That in arranging for the administration of the Transvaal and the Orange River Colony it is desirable that provision should be made that duly qualified members of the learned and skilled professions, now admitted and hereafter to be admitted to practise in the self-governing colonies, be allowed to practise within the newly-acquired territories on condition of reciprocal treatment in the colonies concerned."

Canada dissented from this resolution, on the ground that it seemed to be an interference with the affairs of the South African colonies, which were not represented in the conference.

#### Coasting Trade.

"That it is desirable that the attention of the Governments of the colonies and of the United Kingdom should be called to the present state of the navigation laws in the empire and in other countries, and to the advisability of refusing the privileges of coastwise trade, including trade between the mother country and its colonies and possessions, and between one colony or possession and another, to countries in which the corresponding trade is confined to ships of their own nationality, and also to the laws affecting shipping, with a view of seeing whether any other steps should be taken to promote Imperial trade in British vessels. That it is desirable that, in view of the great extension of foreign subsidies to shipping, the position of the mail services between different parts of the empire should be reviewed by the respective Governments. In all new contracts provisions should be inserted to prevent excessive freight charges or any preference in favor of foreigners, and to insure that such of the steamers as may be suitable shall be at the service of his Majesty's Government in war time as cruisers or transports. That in all Government contracts, whether in the case of the Imperial or the colonial Governments, it is desirable that as far as practicable the products of the empire should be preferred to the products of foreign countries. With a view to promoting this resolution, it is suggested that where such contracts cannot be filled in the country in which the supplies are required, the fullest practicable notice of the requirements and of the conditions of tender should be given, both in the colonies and the United Kingdom, and that this notice should be communicated through official channels, as well as through the press.

#### Postage.

"That it is advisable to adopt the principle of cheap postage between the different parts of the British Empire on all newspapers and periodicals published therein, and the Prime Ministers desire to draw the attention of his Majesty's Government to the question of reduction in the outgoing rate. They consider that each Government shall be allowed to determine the amount to which it may reduce such rate and the time for such reduction going into effect. That the Prime Ministers of the self-governing colonies suggest that the question of allotment of the naval and military cadets to the dominions beyond the seas be taken into consideration by the naval and military authorities, with a view to increasing the number of commissions to be offered; that, consistent with insuring suitable candidates, as far as practicable greater facilities than now obtain should be given to enable young colonists to enter the navy and the army.

#### Metric System Weights and Measures.

"That it is advisable to adopt the metric system of weights and measures for use within the empire, and the Prime Ministers urge the Governments represented at this conference to give consideration to the question of its early adoption. The final resolution of the conference was a vote of thanks to Mr. Chamberlain and other Imperial Ministers connected with the conference, and an expression of the gratitude of members of the conference for the generous hospitality extended to them by the Government and people of the United Kingdom."