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PROTECTION IN VARIOUS COUNTRIES

EDITED BY WILLIAM HARBUTT DAWSON

CANADA AND AUSTRALASIA
PROTECTION IN CANADA AND AUSTRALASIA

BY

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INTRODUCTION.

While it would be impossible to find two countries in some respects more unlike one another than Canada and Australia, these two great federations of the British Empire have nevertheless some striking points of similarity.

Both rule continental areas with provincial populations, Canada with its 3,311,000 square miles having barely 6,000,000 people and Australia with its 2,973,000 square miles less than 4,000,000. Canada’s climate varies from the temperate to the arctic, Australia’s from the temperate to the tropical, both countries thus having a great range in temperature and a corresponding variety of resources, and in both the products of the mine, the farm, and the forest immensely outweigh all others in importance. The development of these natural resources has not been furthered by the tariff, and yet Australia and Canada are alike in clinging
more or less tenaciously to a protective system, which burdens the millions engaged in primary production for the supposed benefit of the thousands pursuing other branches of industry.

In both countries there are causes quite outside economics which have contributed to making Protection a "National Policy," and which help to explain the blindness of some producers and the submission of others to a taxing system attended by such fatal consequences.

It is also interesting to notice that the Canadian Dominion consists of seven continental provinces and a small island, Prince Edward's Isle. In the Australian Commonwealth are five continental States and the small island of Tasmania. Outside the federation Australia has to the eastward the large island colony of New Zealand; to the eastward of her borders, Canada has the large island colony of Newfoundland. Canada's most western province, British Columbia, is pre-eminently a land of gold and timber, and it entered the Dominion only on the condition that it should be connected by rail with the eastern provinces. Western Australia, the most western State
of the Commonwealth, is also a great producer of gold and timber, and she also joined the federation on the faith of a promise that a trans-continental railway would link her to her sister States of the east. There were long delays in the building of the Canadian line across the continent; the Australian line is not yet begun.

In forming a judgment as to the effect of fiscal policy upon a nation’s welfare there are always great difficulties to contend with—difficulties almost insurmountable in the case of new countries to which virgin soil, splendid forests, and profusely scattered gold must attract emigrants from the old world, whatever laws and Government may do to help or to cripple their industry. “Canada and Australia,” says the protectionist, “have increased in wealth and population under Protection, therefore Protection has been a wise policy for them to pursue.” To this the free trader answers that while men desire land and gold and grain and timber, there is no conceivable policy under which countries rich in these things would not grow wealthier and more populous. That they have done so under a protectionist policy proves nothing at all.
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In older countries many of the factors are fairly constant and there is a chance of giving something like its due weight to a change of fiscal policy in estimating its effect on progress, as, for instance, in the repeal of the British Corn Laws. It is true that cheap food and untaxed raw material were not the only causes of the marvellous expansion of British industry and well-being which followed on Free Trade, but nevertheless without Free Trade it would have been impossible. With cheap food wages went further; with untaxed raw material manufactures increased by leaps and bounds and wages increased with manufactures. Higher wages were at once a cause and an effect of the improved machinery which followed on invention, for better paid workmen had energy and intelligence to control the new machines, and when wages are high there is strong inducement to seek machinery which will do men's work and save wages. Then, again, as men were forced to spend less of their daily earnings upon food they had more to spend upon the products of every industry, and thus the home demand for manufactures increased pari passu with increased facilities for making them cheaply to sell abroad.
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If food were again greatly raised in price to-day, while the consequences would be disastrous enough, England would not sink to the state in which the repeal of the Corn Laws found her, but nevertheless the cheap Free Trade loaf was the prime factor in the last half century's prosperity, and no one capable of reasoning can fail to see the tremendous advantages conferred on England by Free Trade.

In Australia and Canada cause and effect are not nearly so easy to connect with one another. Both of them being food producing countries, semi-starvation has never followed upon bread taxes, and since the Canadian provinces federated to form the Dominion, and the Australian Colonies to form the Commonwealth, there has been no such decided alteration in fiscal policy as would enable us to say "To this such and such a change is owing."

From the earliest settlement of both countries there has been progress, sometimes fast, sometimes slow, and as a rule so evidently and largely affected by non-fiscal factors, such as war, railway building, the discovery of coal and gold, improved communication with Europe, the opening of
new territory and a dozen other things, that there is room for doubt and dispute when one endeavours to trace the undoubtedly great effect of tariff laws upon social conditions and industrial development.

In Canada, since the Dominion came into existence in 1867, the protective incidence of the tariff has varied at different periods with results some of which may be fairly estimated. In Australia the Commonwealth, which had its birth with the new century, is still too young for its tariff history to teach much that is of value, but in Australia, on the other hand, the two neighbouring Colonies of New South Wales and Victoria for thirty years pursued different tariff policies, the latter adopting Protection, the former Free Trade, and thereby they offered a field for comparison such as is nowhere else available. The two Colonies were alike in so many things—in so many factors that determine a young country's development—that striking differences are very fairly attributable to the varying factor of tariff policy.

In the following chapters dealing with Protection in Australia and Canada an attempt is made to show that economic considerations have not been of prime importance