

correspondence was published by Ex-President Taft, on the 25th of April, 1912, at Boston, Mass.

In a letter from Ex-President Taft, to the late Ex-President Roosevelt, the following extract occurs:—

"The amount of Canadian products we would take would produce a current of business between Western Canada and the United States that would make Canada only an adjunct of the United States. It would transfer all their important business to Chicago and New York, with their bank credits and everything else, and it would increase greatly the demand of Canada for our manufactures. I see this is the argument made against reciprocity in Canada, and I think it is a good one."

In his reply, the late Ex-President Roosevelt stated:—

"It seems to me what you purpose to do with Canada is admirable from every standpoint. I firmly believe in free trade with Canada for both economic and political reasons."

Those who do not believe Canadians when they point out the dangers that free trade or a lowering of the tariff would bring to Canada, will, perhaps, believe such men as Ex-President Taft and the late Ex-President Roosevelt.

The above references to the United States are made in a friendly spirit. A certain amount of trade between the two countries is necessary and most desirable. But the people of the United States will appreciate the natural desire of Canadians to promote their own national development, while maintaining with the United States the most cordial relations.

Conservation

For some years the Commission of Conservation has issued repeated warnings that the natural resources of this country are not nearly so great as the popular imagination has conceived. We have been warned that we must conserve and that we must replenish. We cannot continue to take all from nature and to give nothing in return. Still, Canada is one of the few civilized countries in the world that has any considerable natural resources left. The important question is, what are we going to do with them? There are two courses we can pursue. We can plunder these resources and ship the raw or partly finished products out of the country to other countries, which will take these materials, manufacture them and sell them back to us in the shape of finished articles at greatly enhanced prices. The other course is to conserve, to manufacture in Canada not only the preliminary processes, but also the succeeding processes and export the products in a finished state. Under the first plan, for example, we would export our timber. Under the second plan we would manufacture it into highly finished products for domestic and foreign consumption. Under the first plan we could export our ores from the mines at low prices. Under the second plan we could advance these ores through all the stages of manufacture to the final stage, and get proportionate returns. Under the first plan only a limited amount of rough labour would be necessary. Most of the business connected with the processes of further manufacture, affecting banking,

transportation and insurance, would go to enrich other countries, and part of our own population would be forced to emigrate in search of employment. Under the second plan we would carry these processes of manufacturing to the highest stage here, providing employment and creating business. The first plan is free trade. The second plan is protection.

Preferential Tariffs Within the British Empire

It is desirable to emphasize the advisability of establishing customs preferences among all the countries of the British Empire.

In June, 1910, the 5 per cent. war tariff, which has applied since early in 1915, against imported goods produced in British countries was completely removed by Parliament. This 5 per cent. war tariff on British goods was a war-time measure and its removal followed quickly after the termination of hostilities.

The British tariff preferences and exchange conditions unite to encourage importations into Canada from the United Kingdom. Their shipments to us for January, February and March, 1920, respectively, were in each month greater in value than in any previous month in the past history of this Dominion. For over twenty-three years the customs tariff of this Dominion has provided substantial preferences to the products of British countries—averaging one-third lower than the customs duties payable on similar goods of foreign production. Canada was the first British country to adopt the preferential tariff principle. The benefits of this pioneer work will not reach full achievement until the policy is generally adopted throughout the British Dominions. New Zealand is the only country so far that has reciprocated fully the spirit of the Canadian preferential tariff system. British South Africa and certain of the smaller British West Indies have granted minor preferences on a limited list of British products. But the desire to develop and maintain the national ties between British Dominions now seems to be tending surely toward the general adoption of preferential tariffs for British goods. The United Kingdom, in respect to her dutiable schedules, has extended tariff preferences to the products of the British Overseas Dominions, effective September 1st, 1919. The South African Government has announced that its tariff will be revised upward, and recent despatches state that there will be a wider margin of tariff preference for the products of British countries. In announcing the recent tariff changes in the Australian Commonwealth Parliament, the Minister of Customs stated that his Government was taking power to extend the Australian tariff preferences to British Overseas Dominions; and now Jamaica, Ceylon, British Honduras, British India and Malta, which never before expressed encouragement toward the principle of tariff preferences, are engaged upon the study of their schedules with the aim of extending preferences to the products of other British Overseas Dominions.

On the whole, prospects seem bright for the general extension of British preferential tariff systems through-