AMERICANS WILL NOT ESTABLISH BRANCHES

In Canada if the Proposed Agreement is Ratified—Lessons of the Past—Mr. Sifton breaks from Party.

Like Lord Rosebery, the Honorable Clifford Sifton has been ploughing a lone furrow. Hitched to the Liberal party, but without big works to perform, the Conservation Commission was quietly created. And Sifton profitably employed his talents. The policy of the Commission has been progressive. Indeed, in a few months it had developed so rapidly that some thought its wings should be clipped. In some ways it looks as though the end of the Conservation Commission might be a fresh beginning for Clifford Sifton. On Tuesday at Ottawa he broke with Sir Wilfrid Laurier over the reciprocity agreement, a move the significance which cannot be ignored. Always on the best terms, politically and socially, with members of the government, he has had some of them as close personal friends. His part in the Liberal campaign for unrestricted reciprocity was explained, but by the time the campaign was over he had nearly convinced himself that the party was wrong, he added. The agreement, thought Mr. Sifton, reversed the fiscal policy of the country.

The three main principles of the tariff were: (1) the British preference; (2) a reduction in the duties on articles used by farmers; and (3) a reduction on the raw materials of manufactures. He stated frankly his opinion that the principle of protection had been continued in 1897. It was true that the Liberals had not lived up to all their principles, but the policy of protection had been continued, and that action had been approved by the electorate. He was completely convinced that the tariff policy of 1897, repeatedly approved by the people, was the safest to pursue. To change it would be unwise.

Alluding to the British preference, the ex-minister said the imports from Great Britain rose from $29,000,000 in 1897 to $95,000,000 in 1910, an increase of 320 per cent. It was a substantial preference. A point which has not been previously emphasized is that there are stated limits to an increase in the British preference. Mr. Sifton was not prepared to say that he would support an increase in that preference at the expense of Canadian manufacturers, for it would be designed to give back to Great Britain trade which this agreement would take away from it.

Such breaks from the party in power are only to be expected at present. The proposed agreement is one of the most important ever placed before the Dominion House for discussion. In the national interests of Canada it should not be ratified. The Monetary Times entertains every respect for the Dominion Government, particularly for its Finance Minister, Mr. Fielding, and for their judgment. But it does not believe that that judgment in this instance is in the best interests of Canada's national individuality.

AMERICAN CAPITAL WILL CEASE

To Establish Branch Factories in Canada if Reciprocity Agreement is Approved.

The Americans are candid in their discussion of the effect of the proposed reciprocity agreement. A writer in the Wall Street Journal says that if it be necessary to give point to any argument in favor of reciprocity with Canada, at least to arguments based upon the advantages to American manufacturers, a brief story of what is now under way at Niagara Falls may be of value. The points made by this writer are double-tipped. Just as they act as strong reasons for the approval of the agreement from the American viewpoint, they make equally as strong arguments against the agreement from the Canadian point of view.

"With the exception of the paper mills established upon the American side of the Falls," he says, "probably no opposition, but instead warm approval for reciprocity would unquestionably be given by the great manufacturing interests centred there.

"We have heard much recently of the growth of manufacturing at Niagara Falls, and of the indications that within a few years there will have been established upon the American side one of the greatest of manufacturing centres in the United States. The growth of manufacturing there is proved by the fact that the world-famous Niagara Electrical Power Company has now, after eleven years of operation, begun to pay dividends. This, of course, shows the large marketing of the power produced through the transformation of some of the energy of the Niagara River into electric energy at the Falls.

Power Charges Are Less on Canadian Side.

"There seems, however, to be little understanding in this country of the great growth of manufacturing upon the Canadian side of the Niagara River. Attention was called to this recently by two citizens of Niagara Falls who are in this city, and who spoke of the belief now prevalent in Canada that manufacturing upon the Canadian side will be established ultimately upon a larger scale than upon the United States side of the river. This is partly explained by the fact that the charges for electric energy are much less upon the Canadian than upon our own side. This factor alone, however, would not be sufficient to induce capital in large amounts to make investment upon the Canadian side of the river. Much of the capital which has made possible this large development of manufacturing in Canada by the banks of the Niagara is furnished by Americans.

"There has always been a suspicion that there is some community of interest represented by some strong holdings of stock, established between the Canadian power company and the American. American manufacturers have gone to Canada to take advantage of the opportunity offered to manufacture upon a large and economic scale chiefly, so that they may thereby be enabled to enter into successful competition with Great Britain and with Canada herself for markets for American manufactured products, chiefly agricultural or electric. By manufacturing in Canada the Canadian customs duties are escaped. One of the largest of the corporations of the United States, whose product is machinery and tools, has established a great manufactory in Canada, with results that have been even greater than the expectations when the plant was established. George Westinghouse has caused a large investment to be made in establishing manufacturing plants in Canada, relatively as large as the investments which his companies have made in Great Britain and upon the continent of Europe.

American Capital Will Stay at Home.

"With the pending revival of business in the United States in all probability other investments of our own capital will be made in establishing manufacturing plants in Canada, unless reciprocity is adopted. But if the reciprocity pact becomes the law, both of Canada and the United States, it will very likely make it unnecessary for further investment of our own capital in manufacturing interests in Canada to be made, for the only advantage to be gained then would be the proximity to Canadian markets, thereby entailing smaller transportation charges, as well as proximity to some of the raw materials entering into manufacture, such, for instance, as the spruce trees, of which wood pulp is chiefly made.

"Canada is now a good market for American agricultural machinery. In the year 1909 she imported from the United States plows alone of the money value of almost $1,000,000. Many of the agricultural implements used in Canada are made by Canadians themselves, but the higher grade apparatus of this kind is for the most part bought in the United States. If the impression of President Taft and of those experts who, as representatives of both governments, worked out the reciprocity pact be correct, then the operation of this limited free trade, which is to be called reciprocity, will inevitably lead to a very great increase in exports from the United States into Canada of machinery, tools, and other apparatus used by the farmers."

It is interesting to recall The Monetary Times estimate that $280,000,000 of American capital has already been invested in Canada, in the shape of branch factories and plants. This is largely owing to Canada's tariff walls.