

articles which now enter the United States free of duty will probably be protected if the Republican Party is returned to power. Consequently, few Canadian industries can afford to make investments based on the possibility of access to the United States markets. All investments in Canadian industries must be made principally for east and west trade within the Dominion, and export trade with other British Dominions which favor British products with tariff preferences.

The United States, under present conditions, is the competitor of Canada in international trade. Practically every staple product exported by Canada is also exported in much greater quantities by the United States. It is true that the United States is now manufacturing articles which we do not manufacture in Canada; but there are few articles which the United States makes that Canada cannot also make in time.

At present, Canada is under certain disadvantages in manufacturing in competition with the United States. In the first place, the United States has maintained a protective tariff since 1789. Factories sprang up and attracted immigration and capital. This in turn created a home market for farmers. City and country grew together. Capitalists who wished to invest their money in the United States knew that the country was committed to a stable and permanent policy of protection. Our policy has been very different. We did not adopt anything approaching a protective tariff until 1878, or 89 years after protection had been adopted in the United States. Even since 1878, we have had only moderate protection, and we have never been very sure that we would have any protection at all, owing to political agitation and free trade propaganda.

In competing with the United States industrially, we are immediately faced with the disadvantage of confronting a much older, stronger, wealthier, and more firmly established industrial system. It has immense reservoirs of capital which can be applied to enterprises. If a new process is wanted, they can afford to experiment, and if necessary, spend large sums of money in tests until they get what they need. Then they can build huge plants, advertise their products, and endure until a market has been created.

The transportation systems of the United States, on the whole, more firmly established than those of Canada. Individual comparisons between certain railroads will, perhaps, be to our advantage, but on the whole, their transportation system is the older and is better connected with their industrial fabric.

The United States customs regulations also operate to the disadvantage of Canadian exporters, who are embarrassed by the lack of facilities in the United States for the transaction of customs business. On the other hand, in Canada we have customs and ports of entries in interior towns and the road is made easy for the American manufacturer to sell and distribute his goods in Canada.

The United States has also greater labor reserves than there are in Canada. That country has been advertised throughout Europe as the land of liberty and opportunity;

and immigrants have flocked there in millions, thus assuring their manufacturers of a stable and satisfactory volume of labor.

Probably the greatest advantage the United States has possessed over Canada is large scale production. The United States manufacturers are making goods for a protected home market of 105,000,000. Canadian manufacturers are making goods for a home market of 8,000,000.

The United States manufacturers serve the highly concentrated market which results from a huge population. Although the area of Canada is slightly greater than the area of the United States, including Alaska, the population of the United States is over twelve times as great as that of Canada. The result is that the United States manufacturer has his market at his door and saves money on transportation costs. Were it not for the Canadian tariff, United States manufacturers, secure in their own home market, could control ours, flood Canada with surplus goods until Canadian manufacturers were eliminated and then fix what prices they wished.

All these advantages in favor of the United States manufacturers make a handicap which is seriously felt by Canadian manufacturers, even with the aid of the protection which they now receive.

Briefly, we cannot manufacture extensively in Canada at the present age and stage of our industries, unless these industries are given protection against the industries of the United States. We have two choices. We can abolish our tariff and allow the United States to manufacture for us, while we produce raw materials for them, or we can persevere in our determination that Canada shall continue to develop as a manufacturing country as well as an agricultural country.

Most of the advantages possessed by the manufacturers of the United States over Canadian manufacturers are temporary and in time will disappear. There are people who say we cannot fight geography, overlooking the fact that geography has very little to do with nationality. To secure proof of this statement one has only to consider the various countries of South America, mostly of Spanish origin and contiguous in territory, yet separate in nationality; or Europe, where various races are split up into numerous countries, bound together as units by the principle of nationality.

In Europe, there is a well-known saying: "peaceful penetration." Translated, this means the domination of a small country by a big country. The small country, it is true, often keeps the forms of national independence after freedom has departed, and remains bound in fetters of financial and commercial subservience.

The ablest men in the United States have been under no delusion as to the ultimate results of free trade between the United States and Canada. During the reciprocity campaign of 1911, Ex-President Taft and the late Ex-President Roosevelt were agreed that reciprocity would be a good thing for the United States. They wrote confidential letters to each other on the subject; then came the quarrel over the nomination for the Presidency, and the