

# The Manufacturers' Memorial

**NOTE:—On January 13, the Canadian Manufacturers' Association officially waited upon Sir Wilfrid Laurier and presented their Case in favor of keeping the tariff where it is. This may be considered the supreme PUBLIC effort of the Manufacturers. A number of appendices were attached to the memorial dealing with other phases of the tariff. Lack of space renders publication of the appendices impossible.**

To the Right Honorable Sir Wilfrid Laurier, G.C.M.G., Premier and President of the Council—

The members of the Canadian Manufacturers' Association, in whose behalf we appear before you today, desire in the first place to thank you for this opportunity of laying before you their views on the question of closer trade relations between Canada and the United States, and of acquainting you more in detail than has been possible on previous occasions with their attitude towards the present tariff policy of the Dominion.

Business men all, trained in the school of competition, and required by the very nature of things to cultivate their faculties of observation to the fullest extent, they have watched with more than ordinary interest the returning crisis in the life of our young nation, when, through the renewal of the agitation for reciprocity with the United States, its commercial and industrial destinies would again be brought to the parting of the ways. If thus far no official pronouncement has been made by our association upon a subject that is obviously fraught with deep significance to every form of Canadian manufacturing enterprise, it is because of the fact that we have viewed the situation with more or less equanimity, feeling sure that the wisdom that has characterized the management of the tariff policy of the Dominion for the past thirty years could still be relied upon to bring us safely through the present situation.

Although the prospect of reciprocity has already caused some unsettling of business, our confidence is still unshaken.

But lest there should be a disposition on the part of our neighbors to stiffen their demands on your government in the expectation of finding on this side of the line any considerable element of our population favorable to their view, we welcome this opportunity of assuring you that the interests for whom we can fairly claim to speak, representing approximately \$1,200,000,000 of invested capital, \$1,000,000,000 of annual output, furnishing direct employment to 435,000 artisans and work-people, and distributing annually \$250,000,000 in wages, are opposed at the present juncture to any reciprocal tariff arrangement between the two countries that would necessitate a lowering of the Canadian customs tariff on manufactured products. They are convinced that any reduction would prove injurious to the industries directly affected, and indirectly detrimental to the interests of Canada and consequently the Empire as a whole.

## Say Time Inopportune

As Canadians, they regard the present as an inopportune time for the negotiation of a reciprocity treaty. United States enterprises are developed to the highest state in point of capital, specialization of products and magnitude of operations; Canadian enterprises, because of their restricted markets, are not yet so developed, and it would be obviously impossible for them to withstand the competition that would inevitably follow reductions in the present Canadian tariff.

The United States may be ready for reciprocity; Canada is not. The United States already enjoys an enviable position in the matter of international trade. Dutiable products coming from that country into Canada are admitted under an average duty of less than 25 per cent, whereas they themselves, in order to encourage and protect their own industries, have imposed an average duty of 43 per cent, the result being the present all too successful exploitation of the Canadian market by the United States people, as evidenced by Canadian trade statistics. Further, Canadian exporters are seriously embarrassed by the lack of facilities in the

United States for transacting customs business, and by onerous regulations requiring expensive entry fees, consular certificates, etc. Canada has made things easy for the United States exporter by establishing a port of entry in almost every town of any account, while practically the only ports of entry in the United States are on the frontier, where the duty has to be paid.

If a reciprocal trade agreement embracing manufactured goods were entered into with the United States now, the latter country would have an immense advantage. Canadian manufactured goods have been excluded from the United States because of the high tariff, and are therefore practically unknown to the consumers of that country. The products of the United

States, it has already induced a large number of United States manufacturers to establish branch factories in this country, thus causing our population to be increased by the employment of labor within our own borders, and creating a large home market for the products of our farms. Reciprocity would kill this movement, which is as yet only in its infancy. It would be obviously impracticable for a manufacturer to equip factories on this side to cater to a market of 100,000,000 people, when 90 per cent. of that market might be cut off at any time by the termination of the treaty.

Canada is rich in raw materials—forest, field, mine and fisheries. If these are now thrown open to the United States, and consumed with the same

entail with all the millions already spent upon it, and unless we are ready to relinquish the idea of deepening the Welland canal, of constructing the Georgian Bay canal, of building the Hudson's Bay Railway and of erecting terminal elevators adequate to our needs at Montreal and Vancouver.

As regards the negotiation of a reciprocal trade agreement that would be limited in its application to an exchange of farm products in their unmanufactured state, the members of the Canadian Manufacturers' Association hesitate to express an opinion. We feel constrained, however, to remind the farmers of the bitter disappointments they have experienced in times past when their own home markets have been impaired by a flood of surplus produce from the United States, and when their access to the markets of the latter country has been cut off without warning by the imposition of prohibitory rates of duty or by the abrogation of existing treaties. When the McKinley tariff, with its 30 cents a bushel duty on barley, was announced in 1890 many a farmer through Ontario and Quebec found himself reduced to the verge of ruin. Since it would seem to be impossible, short of political or at least commercial union, to guard against such an eventuality from the negotiations now in progress, we cannot but express our fear that the advantages accruing to our farmers from any trade agreement with the United States would fall far short of realizing their expectations.

## Nation's Investments

From the standpoint of business, it is manifestly unsound for us as a nation to invest our money in developing channels of trade which lack the essential of permanence, particularly when the opportunities for establishing profitable connections which possess these essential are open to us on every hand. That being the case, we would seriously ask our farmers, would it not be better for them to relinquish their pursuit of reciprocity with the United States and continue to apply themselves to the building up of strong home and Empire markets, out of which they would never be legislated at the will of some foreign power.

The home market is unquestionably the farmer's best market. Despite the levity with which some prominent agriculturalists have treated the subject, the fact remains, and is capable of proof in more ways than one, that easily 80 per cent. of everything that is grown upon the farm is consumed within our own borders. Instead of being compelled to sell his produce under heavy expense and against keen competition in the markets of the world, as some would have us believe, the Canadian farmer is in the happy position of being able to convert four-fifths of his produce into cash at his very door. Nay, further, in some lines, more especially in the West, the demands of the home market are such that we actually are compelled to import farm produce. With our rapid increase in population the home market must continue to expand and call for the best the farmer can produce.

To achieve this end we believe that the Canadian tariff should be so framed and consistently maintained as to encourage the investment of capital in Canadian enterprises, and to effectually transfer to the workshops of the Dominion the manufacture of many of the goods which we still import from other countries, and notably from the United States. Whatever fault may be found with individual items of our present tariff, as a whole it is proving itself to be a powerful factor in the upbuilding of our country and in the expansion of our home markets. Our earnest hope therefore is that it will not be disturbed.

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Moose Hunters after a trip to Hudson's Bay Junction

States manufacturers on the other hand, by reason of the lower Canadian tariff, have been freely sold in this country and are well known to the Canadian people.

The Canadian people have invested heavily in existing industrial enterprises, and all interests, agriculture, fishing, lumbering, banking, transportation, etc., are vitally concerned in the continuity of their operations.

Relying upon the maintenance of our tariff, especially as against competition from the United States, British capitalists of late years have invested large sums of money in Canadian enterprises. French and other European investors are beginning to follow the same course. The adoption of a reciprocity treaty with the United States would unquestionably check the inward flow of capital, which is necessary to the continued development of our country.

## Call Tariff Moderate

Moderate as is the existing Canadian

extravagance that has characterized that country's use of its own resources, they will be depleted in a few years. With her growing population, Canada should not allow her raw materials to be exported in their crude state, but should develop them within the country, build up strong diversified Canadian industries, and distribute the finished products of Canadian labor throughout the world.

Canadian transportation lines run east and west. The Canadian people have made and are still making great sacrifices to build them, in order to encourage trade between the provinces and with the United Kingdom. This immense investment should not be jeopardized by a reciprocity treaty which would divert traffic southward, benefiting United States transportation lines at the expense of Canadian railways and steamships. No extended treaty of trade should be entered into with the United States unless we are prepared to abandon the National Transconti-

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