The Influence of American Manufacturers on the Canadian Automobile Industry

*Robert E. Ankli and Fred Frederiksen**
University of Guelph and Employment and Immigration Canada

The United States automobile industry dominates the Canadian automotive industry today just as it has for most of this century. There are some who would depict the increasing influence of the US on Canada's industry in the early years of automobiling as a giant devouring a helpless infant. In this paper, however, we argue that such appearances are deceiving, and that the behavior of Americans in Canada was not necessarily orchestrated in the US. We first examine the dependence of Canadian manufacturers on US suppliers and full-fledged manufacturers. Next, the role of the Canadian government is considered. Though we do not specifically consider the motivation of the US automakers who moved to Canada, we do conclude that Canada is largely responsible for her dependence.

Many of the most important American manufacturers in the early years were drawn to the automobile industry from the bicycle trade. These men were accustomed to producing finely machined goods in volume. Very few were able to make the giant leap from the carriage trade to the automobile industry. Metalworking in the carriage-building industry was at a rudimentary level and tolerances were more likely to be in sixteenths of an inch rather than thousandths.

The bicycle industry in the United States donated many essential elements to the budding automobile industry in addition to metalworking technology. Organizational structure, distribution networks, and such components needed in volume production as ball bearings, steel tube, and screw fasteners were other important items. But perhaps equally important was the contribution of the bicycle on the demand side. It generated tremendous interest and desire for personal transportation in the United States. This feature may not have been as important a consideration in densely populated and highly developed European countries where the distances between major centers did not approach those in North America. John Rae argues that the American public did not want automobiles so much as they positively lusted for mobility -- that mobility just happened to become available in the form of the automobile.

The difference in demand for personal transportation also accounts for the different approaches to automobile manufacturing in Europe and the US. The Europeans were building initially for kings and queens. Their automobiles were merely refinements of royal carriages. Mobility may have been the reason the customer bought a motor coach, but both the customer and builder saw it as an opportunity to exhibit new levels of luxury and opulence -- pure Veblenian consumption.

There was no aristocracy in the United States. However, there was an immense pent-up demand for mobility at minimum cost, and this drove men like Henry Ford to pursue efficiency in design, production, and distribution. Ford's penchant for vertical integration would have been pointless in Europe. Until Andre Citroen began mass producing his economy autos in France after World War I, no maker had aimed for (or even wanted) the level of volume Ford expected to achieve and surpass each coming year.

Canada, unfortunately, chose the worst from Europe and the US. The Canadian public went through the bicycle craze of the 1890s also, but this collapsed by 1902 because of poor weather that year, terrible roads, and, probably, saturation of the market. In any case, the message had gotten through, and personal mobility became an important aspiration in spite of inordinate costs and extremely poor roads. The Canadian supply was characterized by former carriage tradesmen and others who thought they could follow the European model of aristocratic manufacturing by using off-the-shelf components from the US. Essentially they wanted to build premium-grade coachwork into an ordinary chassis. The cost of this approach, predictably enough, was monstrous; and the "assemblers" fell back only long enough to decide that, since there were apparently few Canadian aristocrats, they would produce "economy" models based on US components.

One of the most significant influences exerted by Americans in the early industry did not immediately involve the industry at all. The famous Packard brothers of Warren, Ohio, established an electrical business in Canada before the turn of this century, but contrary to the reports of later years, they were not personally involved with automobile manufacturing in Canada.

In 1894 William Dowd and James Ward Packard formed a Canadian branch of their electrical firm, the Packard Electric Company Limited, by merging the Packard Lamp Company and the Dominion Electric Company of Montreal. Operations of the new firm began in a stone grist mill in St. Catharines, Ontario, which offered excellent, economical water transportation via the Welland Ship Canal. The waterways also supplied power with the use of a waterwheel.

The Packard Electric Company in St. Catharines was apparently successful, but the manager held an option to buy the stock held by the brothers in the Canadian firm which he exercised on

25 June 1898. The secretary's minutes for the firm show that the Packards ended their terms as directors two days later. Just three days earlier J. W. Packard's diary indicates that he visited Cleveland, Ohio, to test a Winton motorcar. Sensing a fair deal at $1,000, he placed an order on 6 July. The Packard brothers went on to build their fame and fortunes in the US with the Packard Motor Car Company.

This is not the end of the St. Catharines story. Packard Electric retained its name and constructed an "automobile department" in 1905. The department did not build Packards, but Oldsmobiles, under an agreement with the Olds Motor Works of Lansing, Michigan. The Packard motor Car Company of Detroit, Michigan, was in full stride by 1905, yet had no tangible connection to its namesake north of the border.

The real significance of this turn of events is that the Olds Works ensured that Packard Electric had both the necessary machine tools and machinists to operate them, and it functioned as a clone of the original works in Michigan. This was all new for Canada, and the sudden development of a sophisticated automobile works prompted a substantial article detailing its operations in the trade journal *Canadian Machinery* (December 1905):

> This is the first plant in Canada to be built and designed for the manufacture of automobiles... The main feature of interest centering about this department is the machine shop, in which are found some of the newest and best designs of machine tools in their particular lines, in fact when the installation was made three-quarters of these tools were the first of their kind in Canada, and in nearly all cases they are special tools bought solely for the special work demanded of them.

Naturally these marvelous new tools were imported from the United States. They included three Cincinnati milling machines; a Lodge and Shipley tool-room lathe; a LeBlond lathe, a Washburn drill grinder; a Gould and Eberhart shaper; a Fellows shaper, and more. These tools were all driven by line shafting. The absence of any mention of a foundry for casting work suggests that only finish machining was performed in St. Catharines. Rough castings likely originated in Michigan.

Oldsmobile production was terminated permanently in St. Catharines in late 1907. In a rare stroke of good fortune, we have the reasons directly from the source.

> ...the automobile outlook last fall was such that the Olds Motor Works did not feel justified in contracting

for a sufficient number of cars to permit profitable manufacture.

We quite agree with them in their opinions of the prospects for the coming season...

We do not think that Olds Motor Works have any intention of manufacturing for this season in Canada nor even of assembling.

The records of the Packard Electric Company show that on 16 January 1909, the Automobile Department was sold to the Reo Motor Car Company of Lansing, Michigan. Ransom E. Olds, who had relied on a number of Canadian-born suppliers at the Olds Motor Works, had been forced out by his desire to build economy cars; but his new firm, the Reo organization, never did build such autos. Production of the first Canadian Reos began in April 1909, after the Packard Electric plant had been closed more than a year "owing to trade depression." Reo had existed in Canada legally since December 1908, before moving to St. Catharines (from Windsor) in January 1909. Packard Electric received $99,500 worth of Reo stock, at par, plus $10,000 cash in exchange for the complete "automobile department."

The Reo was successful enough to warrant a doubling of manufacturing capacity to 1,200 cars per year in the summer of 1912. The quality of the Canadian-built Reo was demonstrated by an English aristocrat, Thomas Wilby and a local mechanic, F. V. ("Jack") Haney, who chauffeured Wilby from Halifax to Vancouver without crossing the border to use US roads. There was no proper Trans-Canada route at the time, and this made the journey more arduous and the accomplishment all the more impressive. The only serious mechanical failure was a broken axle shaft, but they suffered no flat tires.

The machine tools installed by Packard Electric for producing Oldsmobiles continued to be used by Reo; but production ended in 1913 when costs became prohibitive (the Ford Model T was beginning to roll off the newly completed moving assembly lines in Michigan). Equally important, the special pressed-fiber lightweight bodywork made by the Chatham Carriage Company for Reo disintegrated when it became moist. The St. Catharines operation was reduced to a sales office.

If, in fact, the Olds Motor Works in Lansing was responsible for initiating the manufacturing agreement of 1905, then this represented the first substantial US push into Canada. Even though Ford Canada was formed a year earlier, it was initiated entirely by Gordon MacGregor of Walkerville (Windsor). Moreover, the Olds Motor Works was an industry leader in 1905 -- Ford Motor Company was only two years old and still a question mark.

Depending on what sources you accept, there were at least 70, and perhaps 99, attempts to build a Canadian automobile. It is not surprising that so many firms failed; after all, most failed in the United States; but was there ever a chance for one or two to have succeeded as was the case in the small country of Sweden? We shall examine three efforts that had some chance of success.

One of Canada's more hopeful efforts was the Russell Motor Car Company. This was an outgrowth of the Canada Cycle and Motor Company (CCM), which was a conglomerate of five bicycle manufacturers merged in 1899. CCM had the distribution rights for Ford automobiles in 1903 (before Ford Canada was created) and handled a variety of other makes. Russell automobiles began to appear in 1908 and later featured the Charles Knight designed, sleeve-valve engine supplied by Daimler in England. It was no coincidence that these engines were very popular among luxury builders in Europe.

The licensing agreement for the sleeve-valve engine expired in 1912, and even though the first Canadian-made, sleeve-valve motors were notoriously unreliable, the firm managed to survive. However, by 1916 the much improved sleeve-valve engine was far less attractive than it had been in 1908, and an offer to sell to Willys-Overland of Toledo, the US sleeve-valve engine user, was accepted. This merger allowed Russell to escape a very uncertain future and gave Willys-Overland the access to the British-Empire markets they wanted.

The Tudhope Carriage Company Limited of Orillia, Ontario, was an example of a great deal of Canadian effort put into an American automobile, which also resulted in failure. US manufacturers were understandably only too happy to encourage a new Canadian firm to build (more likely assemble) their vehicles in Canada.

J. B. Tudhope, cofounder of the Tudhope Carriage Company, was not unique in having toured American auto plants before selecting a suitable model for reproduction at home. He selected the McIntyre high wheeler and called it the Tudhope-McIntyre. The air-cooled engines were imported. The vehicle first appeared in 1908 and sold briskly.

The high-wheeler phase literally burned out with the great factory fire of August 1909 which destroyed almost every department of the Tudhope McIntyre. A popular practice during this period was "bonusing" in which a community would offer extremely generous incentives to attract a new industry, particularly a high-profile industry such as automobile manufacturing. This had the unfortunate side effect of subsidizing many marginal (and hopeless) would-be manufacturers who were more promotion- than production-oriented. Tudhope declined various offers to relocate, rebuilt his Orillia plant, and switched to making the Everitt 30

for 1910. The Everitt was a US machine which was named for Barney Everitt who had once worked in Robert Gray's carriage works in Chatham, Ontario.

Tudhope took no chances on being caught short of components. All the jigs and dies needed for the manufacturing of the Everitt were purchased and installed in the Orillia plant. However, the American works was purchased by the Studebaker Brothers in 1910. The Tudhopes redesigned the now-orphaned Everitt slightly and offered it, almost unchanged, in 1912-14. By this time, much cheaper American automobiles were flooding the Canadian market, and the Tudhope was doomed.

The Gray-Dort represented another unfortunate tie-up with an American manufacturer. Robert Gray was a successful carriage builder with an avid interest in automobiles, an interest shared with his son, William. Robert was one of the original stockholders in Ford Canada and was one of Chatham's earliest motorists, having bought a new 1903 Ford. The family wagon works had begun building wagons and bobsleds in 1853 and in 1912 absorbed a rival in the agricultural machinery business.

The Grays ran a Ford agency in Chatham, and by 1908 they were supplying bodies for the singularly unsuccessful six-cylinder Ford Model K. On the brighter side, they also established Chatham's first curbside gasoline pump. Through various business experiences, Gray became acquainted with W. C. Durant's early partner, Josiah Dallas Dort, an old carriage man. Dort was building his own automobile in Michigan and had no objections to supplying the necessary parts to the Grays. Gray Dort Motors Limited was formed in December 1915 with $300,000 paid-up capital. Robert and William Gray were president and vice-president respectively, and Dort was a director.

Initially, the Gray Dort automobile did well. Branch offices were established in Toronto, Winnipeg, Moose Jaw, Calgary, Edmonton, and Vancouver. Some units were apparently shipped abroad (Sweden is mentioned). Output peaked at 9,000 units for 1921, produced by 800 employees. The car was genuinely Canadian-made, except for the engines and transmissions. The Grays fully expected to have both made in Canada within "a couple of years.... Our aims, hopes, and plans are to build an entirely Canadian car." Disaster struck in 1921. J. D. Dort, rather advanced in age, decided to leave the industry, taking the Dort automobile with him. Thirty-five years later Bill Gray recalled at a luncheon club that Dort had "found himself financially outstripped" when he decided to shut down Dort Motors. The US firm was exactly 10 times as large as the Chatham operation.

The impact of Dort's move for the Canadian manufacturer was devastating. Buyers suddenly panicked at the prospect of being stuck with an orphan (once the US parts supply dried up). Gray Dort which had several hundred thousand dollars in cash reserves

when Dort left the industry, gradually faced a $1.2 million debt. The company languished and finally wrapped up in 1924 -- a painful end for the "rolling bathtub." When the plant finally closed its doors, Gray enterprises had contributed 23,000 Gray Dort automobiles to Canada's roadways. The plant was worth $1.3 million in 1924 and covered 15.5 acres with 430,000 square feet of floor space.

The purpose of reciting the Tudhope and Gray Dort stories is quite simple. The Tudhopes and Grays believed they could run viable manufacturing operations on the premise that the assembler-type approach, using US running chassis and Canadian bodywork and fillings, would allow them to establish their names in the market. Bill Gray wrote an article titled "Automotive Amalgamation a Local Outcome" in the 1920s in which he reasoned that research and development costs were prohibitive in Canada; consequently any Canadian operation would have to rely on affiliation with an American factory which was willing to share its technology and know-how at a reasonable cost. Gray also observed from his personal experiences that a customer would tolerate poor service for a Canadian product for only so long before turning to a high-volume, well-serviced US product. Once volume was adequate and the financial burden of genuine research and development of authentic Canadian designs could be considered realistically, they planned to break off from the American sources. Both cases illustrate the plight of Canadian assemblers who lost their footing when their US sources vanished. Tudhope and Gray were, if anything, exceptional manufacturers in their diligence and persistence.

Canadian assemblers were often the victims of fate, much like their American counterparts. The small US builder was simply incapable of matching the cost reductions that the large integrated firms were achieving. In addition, however, the small Canadian builder was sabotaged by government policy which, in a sense, dragged the fox into the chicken coop. It is little wonder that no chickens survived.

The behavior of various Canadian governments (federal and provincial) had major effects on the demand for, and supply of, automobiles in Canada. Public road-building programs were slow and kept the automobile from achieving its potential as quickly as might have been possible. Prince Edward Island even outlawed the automobile between 1906 and 1911.

However, the federal government has to take most of the blame. The Canadian tariff structure was designed to generate automobile-related employment in Canada. In fact, the notion of a domestic industry became quickly associated, not with Canadian-owned and -financed firms, but with Canadians working in factories building essentially US products within a US financial and industrial framework. This approach was not unique to the auto industry. A. E. Kemp, president of the Canadian Manufacturers

Association, outlined how this had been applied to the bicycle industry. He happily reported in an 1896 speech that a high tariff had encouraged US firms to build four large factories in Toronto within that year.

Canada imposed a general 35 percent duty on automobiles which was a carry-over from the days of buggies, carriages, and bicycles. British automobile imports were granted a preferential tariff by Canada of 22.5 percent but the British lack of enthusiasm for the colonial market gave them a trifling 3.5 percent of the market by dollar value (2.67 percent by number of units) in 1914. The hub of English motor activity was Coventry. In 1921 the mayor of Coventry scolded local manufacturers for not building products to suit the market, but instead building masterpieces of craftsmanship for which the market had practically vanished. This was largely true, although it should be said in defense of the British industry that they did build economical cars for the home market. Unfortunately these were really town cars and would have been unsuitable in the rugged wilderness that hindered the progress of Canadian roads. The burden on the Canadian buyer was even greater than the tariff structure suggests. The Canadian consumer also paid 5 percent sales tax plus 5 percent federal excise tax on the first $1,200 and 10 percent on the surplus (trucks and commercial vehicles excepted). The US consumer, by comparison, suffered a mere 3 percent excise tax. The Ford model T touring car was $525 in Canada, before tax, but only $395 in the US in 1926. Comparing total costs, a 1926 Chevrolet cost the Canadian 45.9 percent more, a McLaughlin-Buick 51.5 percent more, and an Overland 49.9 percent more (than an American would pay). Motoring was obviously an expensive proposition in Canada, much more so than in the United States, and this undoubtedly reduced demand.

A reduced tariff of 30 percent was applied to imported components. Assembler firms were encouraged by this, but not to the extent that complete manufacturers were encouraged. A perverse twist, however, was a 99 percent drawback on taxes and duties paid on imported parts installed in exported automobiles. Since one of the major attractions for US firms was access to the British Empire market, who granted colonial preferences, the drawback made amortizing the already low, initial cost of an assembly plant even faster, and there was no financial compulsion to build parts that could be imported. Such an arrangement was tantamount to death for any hopes for a domestic parts industry.

The US industry responded predictably to this situation. It is difficult to imagine how a US automotive executive could have regarded Canada's tariff structure, combined with the preferential tariffs of the British Empire for "Canadian goods," as anything but an invitation to set up shop and make some money. The empire trade was by no means small. New Zealand gave Canada

the best tariff breaks, and as a result $6,145,344 worth of automotive exports were shipped "down under" in 1924. The logical practice of using a Canadian branch as a feeder station for empire markets was exploited best by Ford Canada. Half of Ford's Walkerville output was shipped abroad (mainly parts to the plant in Port Elizabeth, South Africa). General Motors trailed closely at 40 percent, and Chrysler exports varied between 25 percent and 40 percent of Canadian output.

Ford of Canada was ideally suited to the tariff situation. The company was capitalized for $125,000 in 1904 (completely avoiding the uncooperative Canadian banking system). Ford US was obliged to supply whatever was essential to ensure satisfactory production of their automobiles in Canada, and also granted Ford Canada complete marketing rights for New Zealand, Australia, India, Malaya, and South Africa. These rights became immensely valuable as the export trade burgeoned.

The success of Ford Canada in developing its export markets demonstrates just how lucrative the conditions were for an aggressive management team in a branch plant. Ford Canada established satellite operations on other continents to entrench its export progress. The flower of success began to blossom in 1923 when Ford South Africa was formed. Subsequently Ford Australia, Ford India, and Ford Malaya were formed as wholly owned subsidiaries. Ford Canada owned five companies abroad worth $6 million at the close of 1926. Ford Canada had assets of $46 million in 1926, and Ford sales peaked at 100,000 units sold domestically. It was "still the largest automotive manufacturer in Canada and in the British Empire."

The turning point for Ford probably came when W. L. MacKenzie King announced the tariff on complete automobiles would be reduced from 35 percent to 25 percent. Henry Ford was personally pleased and advocated removing the remainder of the tariff also. He quickly changed his tune when Ford Canada advised him that their profitability was being hurt. Suddenly Canada became a special case for the infant-industry argument of tariff protectionism. It should be remembered that Henry Ford was less stable at this time, and Ford US was really being run by his son, Edsel, and top managers who would soon terminate the Model T and force the Model A into production.

The changeover to the Model A was expensive for Ford Canada, about $3 million. Many Canadian firms who had supplied parts for the Model T were not able to offer the more sophisticated parts being contracted out for the Model A. Consequently, these components were brought in from the United States, and Ford's Canadian sales fell off as their costs rose.

By deliberately generating the tariff differentials, the Canadian government ensured that any real domestic industry would be nipped in the bud. The American branch plant not only had the usual advantages of financial, production, design management, and

operations resources of the US parent, but also the sizable profits of the trade in empire markets aided by Ottawa. Given the already timid character of Canadian automakers, it is not difficult to see why new entrants to the industry were so few -- and consistently doomed to failure.

The heavy volume of export trade aided the branch plant in another way also. A small domestic manufacturer with no export sales was a seasonal employer. Automobiles in Canada were stored during winter months because of poor roads and climate. A large export market, especially in the Southern Hemisphere, could turn a seasonal business into a year-round business. Naturally, the fixed costs of operations could be amortized over longer production runs with less down time, and the problem of keeping good skilled workers was greatly alleviated when they could be offered constant rather than seasonal employment.

Only two of the companies formed to build automobiles in Canada prior to World War I survive today. They were both based on US automobiles. Ford Canada is one, and General Motors Canada, an offshoot of the McLaughlin Motor Car Company, is the other.

R. S. McLaughlin was anxiously awaiting the completion of the first 100 McLaughlin motor cars in 1907 when the chief engineer (an American) became ill with pleurisy. The engines were machined in Oshawa (from castings bought in Cleveland), and without the engineer the whole project stalled. At this point McLaughlin turned to W. C. Durant at Buick for assistance. They resumed previously recessed talks and decided to establish an agreement which allowed Buick engines to be fitted to McLaughlin chassis and bodywork. The agreement was signed on 3 October 1907.

McLaughlin-Buick was undeniably the most successful manufacturer in Canada to build a largely Canadian car (Walkerville Fords were identical excepting details of those built across the river). Durant figured in McLaughlin affairs again in 1915 when the McLaughlins were awarded the rights to build chevrolet automobiles in Canada.

The original contract for the Buick rights would have expired in 1923, but in 1918 the McLaughlin Motor Car Company and the Chevrolet Motor Car Company of Canada were sold to GM and merged to form General Motors of Canada, Limited. McLaughlin was reluctant to attempt another all-Canadian design for the very reason that the firm was such a success. He was averse to the thought that another Canadian car would fail and cause extensive hardship for the town of Oshawa, heavily dependent on the auto factories. McLaughlin had no heir willing to move into the family empire, which also influenced the decision to sell. This was a rare example of a domestic firm not collapsing due to discontinuity of parts supply from the US.

Throughout 1923 and 1924 the use of Canada as an export base by US automakers drew severe criticism from some readers of

The Autocar, England's voice of the motorist. The question put forth was, what constituted a Canadian automobile? The confusion and generally misguided enthusiasm which characterized the debate is first-rate entertainment today, but the notions of firms transplanting production and technology into foreign countries to achieve large sales volumes was comparatively new.

A Mr. Warwick Wright was the instigator of the debate and managed to hit the nail on the head right off by wondering aloud if US factories were setting up Canadian branches only to get into empire markets protected by a preferential tariff on Canadian goods. Poor Mr. Wright was immensely offended by the notion and protested: "If this is so, it is a most disgraceful state of affairs, and the British Motor industry ought to lose no time in making a complete exposure of the whole business."

Setting aside the more amusing rejoinders, H. P. Garwood offered the most accurate and cutting rebuttal -- if US manufacturers (disguised as Canadians) were unfairly beating domestic British makers, the reason was that they were offering bedrock utility cars at half the price (due to mass production). They had done so by overcoming four unfair disadvantages: the premium on the dollar, high wages, transport costs, and tariffs. Garwood bitterly attacked British makers for ignoring the masses to pursue irrelevant devices of obscene luxury.

Garwood probably did not realize that the reasons he cited for British failure all contributed also to Canadian domestic failure. The spirit of the carriage maker as an artisan, a master craftsman, lingered too long in Canada and Britain. The relentless struggle in the US to find new methods for faster, more economical methods soon gave them a lead that could not be challenged.

A parallel can be seen between the Canada-United States situation of 70 years ago and the present Japanese-United States situation. The Japanese have both the product (small fuel-efficient vehicles) and the technology and capacity for meeting substantial unprecedented demand for their product. Public cries in the US are for -- of all things -- branch plants to be built by the Japanese! The way to accomplish this, of course, is to raise tariffs on completed vehicles or get agreement to "voluntary" quotas. The US industry has the product -- but not the capacity to meet demand. The spectacular burden of current capital costs has already led to foreign engines being used in American cars. If Japanese automobiles built in the US eventually control the US industry, it will not do for Americans to be critical.

US manufacturers affected the Canadian market directly in two major ways. The development, proliferation, and very existence of American automobile component suppliers encouraged the assembler-approach to manufacturing in Canada. The subsequent

absorption of these suppliers by a few US manufacturing giants disrupted supply to the assemblers on both sides of the border, eliminating small-scale, assembly-type operations. This type of operation typified the Canadian industry which was typically undercapitalized.

The spillover of direct advertising and contemporary literature featuring US automobiles diminished demand for Canadian automobiles. The US product entered the Canadian market as a known quantity, whereas domestic products were generally obscure.

The lag in market development in Canada held back demand until the US utility car -- particularly the Model T -- was fully developed. This lag was due in part to the expense of ownership stemming from government-imposed levies and taxes. When the Canadian market was ready, the US manufacturers had the ideal products waiting for it. The same argument is supported by poor road development in Canada. The utilitarian US car available at low cost was far more practical than a luxury domestic product in the expanding farm communities of the West.

Tariffs undoubtedly contributed most in attracting US branch plants into Canada, as they were intended to. This was a dramatically different situation from the practice of other national governments -- the United States established a 45 percent tariff, for example (though it was hardly necessary). The proliferation of branch plants in Canada rightly raised indignation about the English who had intended the preferential empire tariff to help develop industry in the colonies. The empire tariff was benefitting the US industry, at the partial expense of the English industry, and Canada's gain was incidental (to the English). Nevertheless, it must be admitted that there were English consumers who positively enjoyed the opportunity to buy a Can-Am automobile at a price much more modest than the English-manufactured one.

The theory held by some Canadians that the domestic industry was overwhelmed and consumed in the spirit of imperialist expansionism by the giant US industry is clearly unfounded. If indeed, the all-Canadian industry should be viewed as some sort of a sacrificial lamb, then it should also be recognized that it was sacrificed by the Canadian government quite consciously and deliberately, aided and abetted by the sympathetic Canadian financial community. The entrance and dominance of US industry in the Canadian trade was purely rational on its part.

NOTE

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Sources for this paper may be obtained by contacting Professor Robert E. Ankli, Department of Economics, University of Guelph, Guelph, Ontario, Canada N1G 2W1.

Management and Labor — The Santa Fe Railroad and Its Work Force, 1870-1920