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The history of agriculture in Great Britain during the last 50 years destroys the argument that the tariff is responsible for rural depopulation. In a recent address, Mr. David Lloyd George, the British Prime Minister, said that since 1871 the number of people engaged in the cultivation of the soil had gone down by 600,000 men, which meant that Great Britain had a population of about three millions less than the number directly associated with agriculture at that date, and that in itself was a loss to the state.

The striking contrast between agricultural conditions in Germany and Great Britain was emphasized by Mr. Lloyd George when he said that Britain feeds 45 to 50 persons out of 100 acres, Germany feeds 70 to 75; that Britain grows 15 tons of corn, Germany grows 33 tons; that Britain grows 11 tons of potatoes, Germany 55 tons; that Britain produces four tons of meat to Germany's four and a quarter tons; that Britain produces the equivalent of 17½ tons of milk to Germany's 28 tons, and that Britain produces no sugar while Germany produces 2½ tons.

It is of importance to Canadian farmers in reading these figures to remember that the pre-war fiscal policy of Germany was protectionist. They should also not fall into the error of underestimating the strength of the agricultural industry in Great Britain. It is no weakling industry to be destroyed by the first touch of free trade. "From every point of view," Mr. Lloyd George said, "it is the greatest of our industries."

It is this greatest of British industries which the British Cabinet is determined to save from disaster and their policy is an admitted one of direct protection. The first thing that is to be provided is security for the cultivator. The Government has decided to guarantee the farmers a minimum price for their corn for a term of years.

While no further foreign credits for purchases in Canada have been made by the Canadian Government, it is interesting to note that the French Government has opened a credit of 50,000,000 francs in favor of Poland. On account of this credit a Polish delegation has been making considerable purchases in France. In addition a group of French industrialists has made arrangements for an interchange of French and Polish goods. A Dutch credit of 15,000,000 florins is being used by the Polish Government for the purchase of clothing. Advices from the Argentine state that the bill providing for the extension of a \$200,000,000 Government credit to Great Britain, France and Italy has been passed by the Argentine Chamber of Deputies and is almost certain to become law. In the United States, the New York Herald says that following the passage of the Edge Bill a foreign trade corporation will be formed with a capital of \$100,000,000. Some of the large exporting interests of the country are said to be concerned.

Discussing price fixation and its consequences, Mr. W. P. Hamilton, Editor of the Wall Street Journal, says in a special article on "Europe's Ailments":-

"Europe, and especially Britain, is, as the English express it, 'fed up' with price fixing. This is because of a consequence which every competent

economist and student of history could have foretold. When a government fixes a maximum price for food, fuel, transportation or anything else, that maximum inevitably becomes a minimum to the consumer. Where there is not a large profit on the maximum price the article goes out of production, and the small supplies remaining command the figure the seller chooses to ask. Prosecution for profiteering in England has had results which are almost farcically ineffective."

The United States Geological Survey has announced that increased appreciation of scientific investigation in planning wise utilization of natural resources has led several of the West Indian republics to seek assistance of the Survey, and to make co-operative agreements with it. Under such agreements topographical and geological surveys of the Islands are to be made at the expense of the West Indian Governments, while the technical supervision of the work will be assumed by the United States Geological Survey.

Under the stimulus of war conditions, which provided high protection, the manufacturing of cement by scientific methods is now being done on a considerable scale in India, and the combined output of the three principal manufacturers already amounts to nearly half of the total requirements of the country. The report of the Indian Munitions Board states that in the possession of three splendid factories of modern concerns located in convenient and advantageous sites, efficiently staffed and under expert European management, India is now thoroughly equipped for the manufacture of high grade cement.

Toy manufacturers of the United States are agitating for an increase of the present protective customs duty from 35 to 50 per cent.

On October 14, 1919, the regular Spanish customs tariff for iron and steel products was re-established. These items have been free of duty since 1916.

The Canadian Railroader Weekly continues to receive warm support from industrial workers in its vigorous campaign for the appointment of a tariff board with a representative of labor on the commission. In recent issues it has published the names of no less than 721 labor councils and unions which have "debated the question of a tariff board and pronounced in its favor"; and in its issue of December 27 it gives the names of 73 additional associations to whom the tariff board "is highly desirable." This latest list includes the names of trade unions in the following places in the Province of Quebec: Quebec City, Sherbrooke, Lauzon, St. David de Levis, Hull, St. Anne de Bellevue, St. Hyacinthe, Magog, Three Rivers, Jonquière, Charny, Shawinigan Falls, Joliette, Cap de la Madeleine, Valleyfield, Brownsburg, Thetford Mines. Other associations are represented from Nelson, Silvertown, Golden, Trail and Revelstoke, in British Columbia, and from Brandon, Transcona, and Winnipeg in Manitoba.

It is officially estimated that the recent exhibition of British manufacturers, in Athens, Greece, was responsible for orders for British goods to the amount of from £200,000,000 to £300,000,000.

A proclamation has been issued by the Australian Minister for Trade and Commerce, prohibiting importation into Australia of a long list of commodities, except under license. The primary object of such restriction has been announced by the Minister for Trade and Customs to be "protection of a number of industries which were born or largely developed during the war, until it is possible to give them adequate protection by means of the new tariff which it is understood will be one of the first measures dealt with when Parliament meets early in the coming year." It is further cited that the list is only tentative and provisional and that it may be found necessary to make alterations from time to time. Issuance of licenses will be based on Australian requirements and the extent of local production.

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Recent industrial developments in India provide remarkable examples of home market expansion due to war demands, to the failure of external sources of supply, and to war restrictions on imports which amounted in effect to a high tariff and encouraged domestic manufacturers. In Calcutta, for instance, impetus has been given to the tanning industry and to the manufacture of leather goods, and it has been discovered that Bengal has an inexhaustible supply of both vegetable and chemical tanning materials. A very large amount of capital, mainly British, has now been invested in the tanning and leather industries, and the Government of Bengal has approved a scheme for a research tannery in Calcutta.

The dependence of the tea industry upon imported tea chests and other materials has been largely corrected. A British company has recently obtained a concession in the forests of Northern Bengal, with the object of supplying the demand for three-ply tea chests; while another British company has established a three-ply factory in Assam. A lead rolling mill is also being erected and other mills, both for the manufacture of chests and for tea lead, are projected, which should make India entirely self-supporting in regard to these products. Tools and implements required by the tea industry are also being manufactured in domestic plants. The attention of the Government was first directed to the manufacture of pruning knives, very large quantities of which were required. Good knives are now being produced within the Bengal Provinces. Some difficulty was experienced in securing an adequate supply of suitable steel, but it has now been found that the Tata Iron and Steel Works, itself a war-developed organization, can produce steel of the quality required. Firms in India are also taking up the manufacture of hose, digging forks and other tools required by the tea industry.

Galvanizing on a very large scale is now being done by two local plants, both of which existed before the war, but have greatly developed. Two other firms are installing plants for the manufacture in India of enameled ironware. A workshop for the production of vacuum brake material required by Indian railways, is also now in operation. Electrical and medical porcelain is being made for the first time by the Calcutta Pottery Works at Tangra. Plants for the manufacture of bolts, nuts and rivets are being imported.

In the jute industry before the war practically all the consumable stores and all the machinery were imported from the United Kingdom. Examination showed that bobbins, plane tree rollers, pickers, roller skins, belting, porcelain thread guides and many other commodities, formerly imported, could be successfully produced in India and they are now being manufactured on a commercial scale. One of the largest manufacturers of textile machinery in the United Kingdom is considering a scheme for the establishment of a branch works in India for the manufacture of textile and especially jute machinery. At the Britannia Engineering works spindles and fliers are being manufactured by the latest and most approved methods, and also spare parts for jute and cotton mill machinery. Fine iron and brass castings, such as before the war were imported from England, and malleable castings of many kinds are being made in local plants. The manufacture of agricultural implements in India from Indian steel is being considered. The Bengal Brass Company are now manufacturing all classes of brass and gunmetal work, and propose to import a complete wire-drawing plant.

The Tata Iron and Steel Company of India has undertaken very large extensions. The Bengal Iron and Steel Company has taken up the manufacture of steel at Kulti, and the Indian Iron and Steel Company will make pig iron and steel at Asansol.

As a result of war demands and difficulties of importation, the manufacture of chemicals in India has been greatly developed. Large works have been established at Budge-Budge to manufacture caustic soda from sodium carbonate imported from East Africa. Coal tar is being distilled on a small scale. Thymol, refined saltpeter, potassium carbonate, surgical dressings, fire extinguishers, many drugs and medicines, concentrated commercial glycerin, are all being produced in India for the first time on a commercial scale. A large plant has been established for the extraction of salt, and fire bricks and silica bricks are now being made in large quantities by three concerns.

Summarizing this development, Mr. J. C. K. Peterson, Controller of Munitions and Director of Industries in Bengal, India, says: "The present industrial development has already effected a great deal. The air is full of new schemes and the country of new enterprises which are being rapidly developed to supply its wants. Public opinion is veering around from its former indifference and satisfaction to a discontent which means to see that India is in future self-supporting and that its commerce, trade, and industries shall no longer be dependent on external supplies. The material effects of these great causes can be traced in every industry in Bengal."

Incomplete reports received from the Czecho-Slovak Commercial Commission in New York and from the American Consul at Prague indicate that an independent tariff has been adopted by Czecho-Slovakia. The rates are understood to average about 200 per cent. higher than those of the former Austro-Hungarian tariff of 1914. This latter tariff is still applied, however, to imports from Jugo-Slavia on account of a commercial treaty. Duties specified in crowns are at present collected with a surtax of 200 per cent.

The Government of Portugal has issued a decree doubling the duties on all imported goods not regarded as absolute necessities, and placing imports under the control of the Government. It is stated that the banks are not permitted to sell foreign exchange unless authorized to that effect by a special commission.

Steps were taken by the Portuguese Government in 1918 to increase the duties by requiring the payment of a certain proportion in gold or its equivalent, and special surtaxes were imposed on imports of goods of the class of luxuries. These luxury surtaxes were in some instances higher than the original import duties. The report received from the American Consul-General in Lisbon does not indicate whether these luxury taxes will continue to be collected in addition to the increased rates of duty.

The Italian Government is planning electrification of nearly 4,000 miles of state railways and many of the lines privately owned. The project will involve an expense of 800,000,000 lire (\$154,400,000 at normal exchange) and will require at least ten years for its execution.

Since March, 1919, the Japanese Government has actively encouraged the manufacture in Japan by Japanese producers, of motor trucks suitable for military purposes. A bounty has been granted for every car manufactured in Japan meeting military specifications. To qualify for the bounty such trucks must be sold for use in the Japanese Empire only and must have a capacity of one ton or more. The bounty paid runs up to \$1,000 per truck, and an additional allowance of \$250 is granted for a truck operated by the manufacturer or let out by him for hire. The owner of the truck - that is, in most cases, the first purchaser - receives a bounty of \$500, and he or any subsequent owner receives \$150 per year for five years to aid in its upkeep. The upkeep bounty is maintained for ten years in case of trucks owned and operated by manufacturers. Owners of imported trucks also receive \$500 and an annual allowance of \$150 for upkeep. Bounties are only paid to Japanese subjects.

CANADIAN RECONSTRUCTION ASSOCIATION

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Not a few Canadian corporations and other employers have recently insured the lives of their workers under the group insurance system. The plan promises to result in improved industrial relations and the amount of such insurance seems likely to increase. Heretofore, practically all such business has been placed with insurance organizations in the United States. Several of the largest Canadian insurance companies have, however, recently made arrangements to issue group insurance on the lives of employees and an apparent technical difficulty in the Insurance Act has been overcome. These companies have filed their group rates with the Department of Insurance at Ottawa, have fully complied with the requirements of the Insurance Act, and now have authority to issue such policies.

As "Canadian money, Canadian made, should stay in Canada for Canadian trade," so employers in the Dominion who contemplate providing insurance for their employees should give the preference to Canadian insurance companies. The latter employ Canadian workers, make their investments for the most part in Canadian securities, and pay taxes in Canada. Moreover, the policy-holders are as amply protected under the rigorous Canadian insurance laws as they would be if this business were placed in any other country in the world.

The British Government has decided to invest £250,000 in a £1,000,000 company known as the Home Grown Sugar Company, Limited, and it will guarantee returns for ten years. Additional proof that the United Kingdom is fully alive to the advantages of further industrial development is furnished in the flotation of a new slate company to work property in North Wales. It is stated that the Government Department of Building Materials Supply "is prepared to take the whole of the company's slate output at current market prices for the next five years."

Acting in accordance with the recommendations of the special commission appointed to revise the customs tariff, the President of Paraguay has issued a decree dated September 27, 1919, increasing substantially the fixed official valuations on which ad valorem import duties are assessed. The increases amount to 20 per cent. on jewelry, clocks, watches and silverware; 30 per cent. on leather and tanned skins; 40 per cent. on musical instruments and cotton goods; 50 per cent. on furniture and common boots and shoes; 60 per cent. on other textiles, cloth, drugs, chemicals, chinaware, glassware, hardware, cutlery, machinery and a large range of other commodities. In the case of fine toilet soaps, cosmetics and perfumes, the increase is 80 per cent.; and in the case of wines and liquors, 100 per cent. The effect of the increases in official valuations is to advance the duty by the same percentage in each case, although the ad valorem rates themselves remain unchanged. The new decree became effective on October 1, 1919.

The United States Tariff Commission, in its annual report for the fiscal year 1918-19, refers to a report, now in course of preparation, upon the proposed reciprocity agreement of 1911 between the United States and Canada. The Commission says that at the time the reciprocity agreement was framed it would have resulted in considerably heavier reduction by the United States of the comparatively high rates of the American tariff of 1909 than of the lower rates of the Canadian tariff. Since 1911, however, the situation has been in a large measure reversed "because of the adoption by the United States of extensive reduction in

rates on foodstuffs and raw materials and the imposition by Canada upon many manufactured articles of an additional war tax of 7½ per cent." The Commission goes on to say: "The report will show that....the volume of imports into the United States that would to-day be affected by the inauguration of the agreement has decreased both absolutely and relatively; although the total imports from Canada into the United States during the same period have greatly increased. In fact, duties upon flax-seed and hay are now the only rates of importance that would be reduced in the United States tariff by the adoption of the reciprocity agreement of 1911. On the other hand, the imports into Canada that would feel the effect of the agreement have greatly increased in value."

A manufacturers' syndicate known as the Confederation Federale de la Production Française, including representatives of all the great French industries, has been formed and organized into twenty-one groups. The syndicate aims to stimulate increased production and increased exports.

Seven large German chemical and dye combines, united under the unofficial title "Aniline Concern", are about to increase their capital to 1,000,000,000 marks. This concern will be the greatest industrial organization in Germany and possibly in all Europe.

Fifty joint industrial councils have been organized in Great Britain to date under the Whitley plan, and twenty-four interim industrial committees. These represent 3,500,000 persons.

With a few exceptions all goods specified as free in the customs tariff of Argentina are now dutiable at the rate of 5 per cent. ad valorem, while all ad valorem rates of 20 per cent. or more have been increased by surtaxes amounting to 7 per cent. ad valorem. For goods dutiable at not less than 10 per cent. but less than 20 per cent. the surtax is 2 per cent. ad valorem.

The tariff of Uruguay has also been increased by a surtax. When the tariff duty is more than 12 per cent. ad valorem the surtax is 14 per cent. ad valorem; when the rate is 9 to 12 per cent. the surtax is 9 per cent. ad valorem. In all other cases, including the "free list", the surtax is 4 per cent.

The November issue of The Nation's Business, published by the Chamber of Commerce of the United States, contains a significant article dealing with the efforts to defend the unstable key industries of the United Kingdom:-

"In the category of unstable key industries," it says in part, "England plans to include all derivatives of coal tar, synthetic drugs and chemicals, optical glass, scientific glassware, illuminating glassware, laboratory porcelain, scientific and optical instruments, potassium compounds, tungsten powder and ferro-tungsten zinc oxide, lithopone, thorium nitrate gas mantles, magnetos, hosiery, needles, and gauges.

"Legislation is to be sought in England to prohibit importation of the products of unstable key industries, except under license. At the same time the British Government plans to enact anti-dumping laws, somewhat like the Canadian, and to create authority to check any flood of imports from a country, such as Germany, in which exchanges may go to such a low figure as to enable sales of its goods in England at prices below the British cost of production."

In view of the similarity between the reconstruction problems of Australia and Canada, it is interesting to note that the Sydney correspondent of The London Times Trade Supplement cables that "the two great capitals, Melbourne and Sydney, have had all their shop windows decked out with 'Made in Australia' goods for a week." The correspondent explains that one of the difficulties in popularizing the movement is the disposition of warehouses to favor imported goods rather than the home article, but contends that "the steady expansion of Australian industry is, however unmistakable."

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FOR RELEASE

upon receipt

By a majority of one, the Royal Commission on Agriculture, which was appointed in July to inquire into the economic prospects of the industry in Great Britain, has presented an interim report in favor of guaranteed prices for wheat and oats. An interesting feature of the majority report is its revelation of the decline of agriculture under free trade. The report reads:-

"To enable the present agricultural position to be clearly understood it is necessary to refer shortly to certain important circumstances in the history of agriculture since 1870.

"In the years immediately preceding the war, the agricultural industry was emerging from the period of intense depression which set in with the inclement and disastrous season of 1879, and which was intensified by the period of low prices due to increasing foreign competition which followed. This may be said to have culminated in 1894, when the average Gazette price of wheat for the year was only 22s. 10d. per Imperial quarter. The period of depression continued well into the present century, but about 1906, owing in the main to gradually improving prices and to the new generation of farmers having adapted themselves to the changed conditions, a more favorable prospect seemed to be opening out.

"By 1914 the arable area in the United Kingdom had declined by 4½ million acres as compared with the arable area in 1870; the number of persons engaged in agriculture had fallen from 2,762,012 in the Census year of 1871 to 2,077,756 in 1911; and the total wheat produced had dropped from 13,419,496 quarters in 1870 to 7,804,041 quarters in 1914. Farmers had been compelled to make these changes owing to the growth of foreign competition and to the accompanying reduction in world prices. A system of grass farming had thus been developed which required the employment of a minimum of capital and labor."

The Christian Science Monitor, commenting editorially on the tariff situation in Canada, points out the futility of attempting tariff revision at the present time. The Monitor says:-

"It is difficult to see that much progress can be made in preparing for an inquiry of this kind in advance of the time when conditions shall become more settled. In the revision of the tariff many needs are to be considered which relate directly to the country's industries, the price of raw materials, manufactured goods, and wages. It is well known that just now these factors vary widely among the countries of the world. Moreover, the amount of goods which other nations will be able to ship into Canada cannot now be ascertained. The world's shelves are comparatively bare of merchandise, and the need at home must be supplied before an exportable surplus is created. Canada is busy and prosperous. The outlook for business is hopeful. The question of revenue is the most serious one at the present time. Probably the best advice that could be offered is that, like other nations, Canada needs to cultivate greater thrift and economy."

Among the recommendations of the West Indian Shipping Committee, appointed by the British Secretary of State for the Colonies in September, 1918, are the following:-

"That a direct mail and passenger service, with a fixed time-table, should be established as soon as possible between the United Kingdom and the Lesser Antilles and British Guiana.

"That tenders should be called for within a year's time for both a fortnightly service and one operating every three weeks, and that the Governments concerned should then decide what service can be initiated.....

"That every effort should be made to open up and develop the colony of British Guiana.....

"That, if possible, a joint policy should be adopted by the British and Canadian Governments, so as to allow of a continuous service by way of the West Indies between Canada and the United Kingdom.

"That if direct communication between Jamaica and the United Kingdom can be secured by the diversion of some service proceeding through the Panama Canal, a small subsidy would be worth paying for the purpose of securing such communication.

"That every support should be accorded to such efforts as the Canadian Government may make to open up or maintain steamship communication between the Dominion and Bermuda, the Bahama Islands, Jamaica and British Honduras."

Discussing the imposition of a Federal tax on gross sales as a substitute for the present excess profits tax which, he declared, threatened the industries of the country with irreparable injury, Mr. M. F. Frey, Assistant Treasurer and Tax Consultant of the Guaranty Trust Company, speaking before the American Association for the Advancement of Science at a recent meeting in St. Louis, said:-

"Undoubtedly one of the strongest arguments in favor of a sales tax lies in the desire and need of relieving the country of one of the most unjust, unsound and dangerous taxes which has ever been imposed upon our industries, namely, the excess profits tax. The excess profits tax, though probably justifiable as a means of raising revenue for the prosecution of the war, is both unscientific in principle and economically unsound. Although this tax is in the form of a direct tax on profits, it is, in effect, a most unsatisfactory commodity tax.

"A manufacturer, merchant, or other business concern subject to the tax, in most instances, estimates in advance, the amount which he is compelled to add to the selling price of the commodity in order to pass the same on to the ultimate consumer, so as to protect himself against the heavy imposition. Because of the uncertainty and complexities of the law, a business concern is apt to overestimate, rather than underestimate, its liability. In doing this, it often becomes an unintentional profiteer in safeguarding itself from an undue usurpation of its earnings. Thus, prices are increased to the consumer by amounts more than sufficient to cover the tax. If we abolish the excess profits tax, we undoubtedly will have eliminated a potent factor in the existing high cost of living."

Italy has established a tax on the sale of articles, whether of luxuries or common use. In the case of luxuries the tax is to be 10 per cent. on the selling price, whilst for articles of common use the tax is 2 per cent. on all prices of one lira and upward. This new levy does not apply to food-stuffs, fuel, and such articles as already are subject to special taxes. The tax must be levied by the shopkeepers on their patrons and subsequently paid into the Government offices annually. In checking such payments the registered commercial income of the shopkeeper is to be taken into account.

By developing the local peat industry, Denmark was able in 1918 to diminish her foreign coal account by the amount of about \$31,500,000. Besides, the peat industry gave employment to about 50,000 people in Denmark and transportation of peat provided a large revenue for the State railways.

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Mr. Thomas M. Ainscough, British Trade Commissioner in Calcutta, in a report on the conditions and prospects of British trade in India, says that there are certain articles in which Canadian shippers could secure a considerable trade in competition with American rivals if they adopted the same energetic and forceful methods. "Should Canadian manufacturers and exporters be really anxious to make a bid for the Indian market," he says, "I would recommend that a small commission representative of the leading interests, such as lumber, food products, engineering manufacturers, etc., should be sent to India either by the Canadian Government, the Canadian Trade Commission, or else a representative body such as the Canadian Manufacturers Association.... Such a commission of investigation would not only secure invaluable information for Canadian exporters, but would be of great benefit to Canada in many ways. The Indian importer would be brought into personal touch with Canadian business men, would learn from them what the Dominion can supply, and the great facilities and natural resources which she enjoys. A campaign of propaganda would thereby be inaugurated which should be of great benefit to Canada and should strengthen the inter-Imperial bond. Other things being equal, importers in India would naturally prefer to purchase from an Imperial source of supply, such as Canada, rather than from a foreign competitor such as the United States."

The Royal Bank of Canada has issued a pamphlet on "Trade Opportunities in the Caribbean," which is a valuable contribution to the movement for foreign trade development. If our heavy obligations are to be met it is essential that the foreign trade of the Dominion should be increased, and the Bank emphasizes the fact that "among the fields available for commercial enterprise there are none more accessible and few more promising than the tropical islands and adjacent mainlands of the Caribbean Sea. Lying remote from the seat of the war, the abnormal demand for their products, at high prices, has greatly increased their wealth and purchasing power. They constitute for us a chain of ideal markets, demanding commodities which we have to sell and supplying what we wish to purchase. Moreover, under the Canada West India Agreement of 1913, a tariff preference of twenty per cent. on most goods of Canadian origin is granted by Antigua, Barbados, British Guiana, Dominica, Granada, Montserrat, St. Kitts-Nevis, St. Lucia, St. Vincent, and Trinidad, affording Canadians a decided trade advantage. A yearly subsidy of \$340,000 is also paid by the Dominion Government to the Royal Mail Steam Packet Company to ensure a fortnightly steamship service from Canadian ports to the West Indies, and with the creation of our new merchant marine, present steamship facilities will be improved and increased."

If Canadian traders, however, are to benefit from the opportunities offered by these markets, the Bank points out wisely that energy and enterprise are vitally necessary and that old usages of trade must be given up where necessary. "Travelling men or permanent agents of proved ability only should be appointed, and the smallest orders accepted in the hope of a future expansion of trade. Delivery should be made as promptly as possible and orders filled according to sample. It is important, above all, to make the purchaser acquainted with the superiority of the goods offered, whether in price or quality, for the West Indian trader is conservative, and will not change his

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connection unless to do so is obviously to his advantage. If Canadian traders bear these points in mind and make energetic efforts to take advantage of the opportunities offered, a great increase in our trade with these markets should result."

Condemning the excess profits tax in an address before the National Wholesale Dry Goods Association in New York, Mr. William B. Colver, a member of the United States Federal Trade Commission, said:-

"The excess profits tax is passed on and multiplied until about four or five dollars is taken out of your pocket, my pocket and the pocket of the man on the street for every dollar that finally gets to the public treasury. The tax is difficult and cumbersome to collect, and bears inequitably upon different concerns of the same size and profitableness. As a matter of fact, it is a bonus for inflated capitalization and a penalty on conservative capitalization. It should be repealed at the earliest possible moment, and its repeal, I am certain, will result in an almost immediate lowering of the whole unhealthy price structure, which is a burden alike upon every citizen, whether he be consumer, merchandiser, producer, or taxpayer."

"Conservation," published by the Commission of Conservation, at Ottawa, prints an article by Mr. Clyde Leavitt, forestry expert, who finds in the development of the pulp and paper industry in Canada a striking example of the benefits resulting from conducting processes of manufacture in this country instead of exporting raw materials. Mr. Leavitt says in part:-

"Canada's wise policy of benefitting by the home manufacture of her natural resources is exemplified notably in the pulp and paper industry. In 1908, according to Government statistics, only 36 per cent. of Canada's pulpwood cut was manufactured in the Dominion, whereas 64 per cent. was exported raw. In 1917, over 70 per cent. was manufactured in Canada, less than 30 per cent. being exported in a raw state.

"Ten years ago, the number of employees in the pulp and paper industry of Canada was about 9,000. The number of employees at present is estimated at 25,000, and the annual wage bill at \$20,500,000. The exports alone for the past fiscal year from this industry are around \$100,000,000. About 90 per cent. of the newsprint manufactured in Canada is exported. More than one-third of the newsprint used in the United States is of Canadian manufacture.

"Prospective increases in the capacity of Canadian plants will bring the production of newsprint during the coming year, on a conservative estimate, to a total of 850,000 tons.

"The importance of all this in the maintenance and development of the economic structure of Canada can scarcely be over-emphasized. Obviously, it would be the poorest kind of public policy for the respective provincial governments to relax the existing embargoes upon the export of raw pulpwood cut from Crown lands. Such a course would inevitably mean reducing the supplies of raw material available for Canadian mills, as well as the more rapid depletion of our pulpwood forests, resulting in their comparative exhaustion within a measurable period of time. About 1,000,000 cords of pulpwood is now exported in a raw state, all cut from lands in private ownership. Practically all of this goes to the United States."

The Guaranty Trust Company of New York says: "Indian tanners are satisfied that the export duty recently imposed upon raw hides and skins will be of the greatest benefit to their domestic industry. Indian tanneries are developing very rapidly and new concerns are constantly being founded. Many of these are important concerns with strong financial backing. The largest tannery in India will, when completed in March, have a daily capacity of 600 hides by vegetable process. 600 hides by chrome and 400 skins. Several of the tanneries are also erecting boot and shoe factories equipped with the most modern plant and machinery available. The output of the new tanneries, when completed, and running at full capacity, will give an annual addition to India's pre-war tanning capacity of approximately 2,250,000 hides and 2,500,000 skins.

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upon receipt

As an indication of the growing strength of the Made in Canada campaign, it is interesting to note that the movement is being strongly supported by the departmental stores in Toronto. Some time ago the T. Eaton Company, Limited, in issuing its catalogues, decided upon the happy plan of indicating all Canadian made goods by a maple leaf. The Company has also prepared a month's Made in Canada campaign, during which its advertising, etc., will be devoted to increasing sales of commodities produced in the Dominion. The Robert Simpson Company, Limited, has recently had an interesting and instructive window display of Canadian made furniture, textiles, etc. The Company is now extending the plan and large cards in nearly all departments enjoin the public to "Buy Made in Canada Goods." In addition, the words, "Made in Canada," in red lettering appear on the price-tickets of a wide range of commodities produced in Canadian factories by Canadian labor.

Patriotism and a desire to promote industrial development in the Dominion no doubt have influenced the two big departmental stores in Toronto in thus giving their support to the Made in Canada movement. It should be recognized, however, that they have been prompted by sound business considerations as well. Purchase of Made in Canada products means that, for the most part at least, the money expended stays in the Dominion; that part of it goes to pay Canadian labor; and part for the development of Canadian manufacturing industries. The dealer who pushes the sale of Made in Canada goods in preference to imported productions is protecting himself by helping to maintain the purchasing power of his patrons. The desirability of co-operating in the Made in Canada movement is commended to the consideration of all who sell as well as all who buy.

The sub-committee of the United States Senate Finance Committee, appointed to conduct hearings on the dye-stuffs situation, has agreed on a substitute for the licensing feature of the bill which was designed to protect the war-developed dye industry in the United States. Strong opposition developed to the licensing proposal, and it is expected that the substitute plan will be endorsed by the Senate Finance Committee as a whole. It prohibits entry into the United States, or any of its possessions, of any commodity of a long list of dyes and chemicals, "unless the Tariff Commission shall determine that such article or a satisfactory substitute therefor is not obtainable in the United States or in any of its possessions on reasonable terms as to quality, price and delivery."

This amendment carries out the plan advocated by the dye manufacturers and puts the burden of proof on the textile manufacturers and other dye consumers. They must state their requirements and show that they cannot get in the United States the dyes they want. The amendment is the result of an agreement between representatives of the Tariff Commission and the War Trade Board of the State Department.

In a speech before the Association of Credit Men in Newark. in which he advocated the imposition of a tax of one per cent. on every purchase exceeding two dollars in value, Mr. Otto H. Kahn, a prominent New York banker, declared that while he had always favored a progressive income tax and would not advocate any scheme of taxation which would spare wealth, the upper scale of surtaxes in the United States was, however, so extreme that it had defeated its own purpose by driving capital into tax-exempt securities. Fourteen billion dollars of such securities, he said, were outstanding, and more were being issued each day. "The result," he declared, "is that our investment market has largely ceased to function, which fact is in considerable part responsible for our present strained money and credit position and is a menace, both to our domestic and foreign trade.....We have had a two years' test now of a scheme of taxation based principally upon taxing capital and business at rates without a parallel anywhere. The result is writ large in the high cost of living, industrial and economic dislocation, and social discontent - for all of which our taxation policy is a contributory, though, of course, not the sole cause."

Mr. William B. Colver, United States Federal Trade Commissioner, speaking to the National Consumers League in Newark, said that the excess profits tax was the cornerstone of the structure on which the high cost of living had been erected. He said that the excess profits tax legislation was enacted only as a corrective to government price-fixing and that the necessity for such corrective had passed. From one to fifty excess profits taxes are in everything sold he declared.

The following resolution was passed at the 35th annual meeting of the American Protective Tariff League:-

"Whereas, under the Underwood law of 1913 importations of foreign merchandise are the largest in our history and growing; and

"Whereas, production, cost, standards of living, hours and conditions of service that vitally affect prices when the finished merchandise is on the market, must be kept steadily in view; and

"Whereas, when normal conditions return and industrial energy is again devoted to production, we cannot hope to survive on American wage scales and standards unless there is adequate protection; and

"Whereas, the American system of protection was never so imperatively needed as now and in the immediate future; and

"Whereas, industrial danger will increase in proportion to foreign industrial recovery; therefore be it

"Resolved, that the Underwood Tariff law of 1913 be repealed; and

"Resolved, that an adequate protective tariff law be enacted at the earliest possible date that shall apply to all competing imports from all countries alike; with no reciprocity treaties, no favored nations clauses, or other forms of favoritism or discrimination."

The Chinese Industrial Development Company, with a capital of \$1,000,000, has been organized in China to develop native industries in support of the boycott of Japanese goods.

By a Royal Decree, dated last September, the specific duties in the import tariff of San Salvador have been increased by 25 per cent.

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 50

TORONTO, CANADA

February 11, 1920.

FOR RELEASE

upon receipt

There has been an immediate and gratifying response from Canadian municipalities to the appeal of the Canadian Reconstruction Association that public supplies should be purchased in Canada whenever they can be secured from Canadian factories at reasonable prices. In this appeal the Reconstruction Association pointed out that the heavy discount on Canadian exchange was a symptom of an unhealthy national condition, that during the first seven months of the current fiscal year 79.2 per cent. of all imports into Canada for consumption came from the United States, and that exchange was now costing the Canadian people more than \$60,000,000 a year. The Association urged that the situation demanded national co-operation, and contended that apparently the only permanently effective remedies were an increase in production in the Dominion, development of export trade, curtailment of unnecessary imports, and substitution to the largest possible extent of Canadian products for imported commodities. "In the national interest," it argued, "Canada must attain a larger measure of economic independence. It can do so by developing the home market. A pronounced demand for Made in Canada goods would constitute a guarantee of sales which would encourage factory expansion. By such expansion, new wealth would be created through increased production, and steady and profitable employment would be provided for new industrial populations. Any substantial increase in industrial workers would create bigger and better markets for all kinds of farm produce. New factories, expansion of old factories, greater production, more workers, and better agricultural markets mean national progress."

Replying to this appeal for support of the home market, the Woodstock City Council has urged its citizens "to purchase only Made in Canada goods in view of Germany endeavoring to import goods at lower prices into our markets." Notifying the Association of the adoption of its resolution, the town clerk of Sudbury says: "The Council are very much in sympathy with the movement and they requested the reporters of the local press who were present, to circulate the contents of your letter to the utmost." He hopes that the adoption of the resolution may strengthen the Association in the good work which it is doing.

Other letters of a similar nature have been received by the Association, and purchase of Made in Canada goods has already been endorsed by the following municipalities: Waterloo, Brockville, Peterborough, Stratford, Port Arthur, North Bay, Niagara Falls, Campbellford, Strathroy, Dundas, Picton, Bala, Shelburne, Stirling, Brighton, Newbury, Beaverton, Simcoe, Mitchell, Capreol, Niagara, Havelock, Wheatley, and Cache Bay, Ontario; Truro and Lunenburg, Nova Scotia; and St. John, New Brunswick.

Among some of the convincing arguments for public support of the home market advanced by one of the large departmental stores in Toronto which is conducting an extensive Made in Canada campaign are:-

"Buy Canadian Products and Build a Greater Canada."

"Buy in Home Markets and Get 100 Per Cent. Value."

"Encourage the Canadian Craftsman: Buy the Goods He Makes."

"Buy Canadian Goods and Watch Canada Grow."

"Canada's Industries Will Grow According to Your Encouragement."

It is interesting to note that the Toronto Board of Control, discussing

tenders for water meters, instructed the Civic Works Commissioner to "buy in Canada or do without."

The United States Trade Commissioner, at Rome, reports that the shortage of coal in Italy during the war has taught that country a lesson which will not soon be forgotten, and every effort is being made to encourage the use of electricity on the largest possible scale. The Italian Government has outlined a plan to subsidize all new electric power development undertakings for a period of fifteen years, but not extending beyond the year 1940. Plants entitled to the subsidy are also exempt from taxation on buildings for the same period. In addition to the subsidies for the construction of power plants, provision is also made for distribution lines, subsidies for construction and operation of such also being granted for a period of fifteen years, the amount of such subsidies varying according to the weight of copper employed in the lines. Provision has been made, too, for encouraging the use of electric power in connection with Italian agriculture and irrigation. A premium of 0.03 lire per kilowatt hour will be paid for a period of not more than ten years to firms or individuals for current utilized exclusively in the cultivation and harvesting of crops. The same premium will also be paid where irrigation works are supplied with water electrically pumped. Those operating electric plants enjoying subsidies from the Government are required to reserve a portion of the current produced, up to 10 per cent., which must be furnished at the price made to the most favored user for agricultural and reclamation projects.

T E N C O M M A N D M E N T S F O R C A N A D I A N T R A D E

1. BUY CANADIAN PRODUCTS. In doing so, you develop the home market, encourage factory expansion, provide employment for new populations, and create bigger and better markets for all kinds of farm produce. New factories, expansion of old factories, greater production, more workers, and better agricultural markets mean national progress.

2. IMPORT ONLY NECESSITIES, and then only if similar Canadian articles or substitutes are not available. With Canadian money at a discount of from 10 to 15 per cent., exchange with the United States is costing Canadian consumers between \$75,000,000 and \$100,000,000 a year.

3. PRODUCE TO THE LIMIT IN FIELD AND FACTORY. Increased production means new wealth and is essential to the success of any effort to reduce imports and promote export trade.

4. CO-OPERATE, CONSERVE, SPECIALIZE, STANDARDIZE. These are the means to maximum production of high quality goods at minimum cost.

5. DEVELOP EXPORT MARKETS. Foreign business gives stability to trade. It reduces unit costs, benefits domestic consumers, affords employment to factories and workers in times of depression, and corrects adverse exchange by improving the trade balance.

6. UTILIZE CANADIAN SERVICES. Ship by Canadian carriers through Canadian ports. Patronize Canadian railways, Canadian steamships, and Canadian banks. Place insurance in Canadian companies. Employ Canadian architects, engineers, scientists, and other experts. Spend vacations in Canada.

7. MANUFACTURE RAW MATERIALS TO FINAL STAGES in Canada. Hundreds of millions of dollars are lost annually to the Dominion, and especially to Canadian wage earners, by the exportation of raw materials and semi-manufactured products.

8. USE SCIENCE FOR THE DETERMINATION AND DEVELOPMENT OF NATURAL RESOURCES. Industrial research will reveal new wealth, improve industrial processes, and help to relieve our economic dependence upon outside resources for fuel, iron, and other essentials.

9. MAKE GOOD WORKMANSHIP AND MAXIMUM PRODUCTION LABOR'S STANDARDS. Quality should be the hall-mark of Canadian products.

10. BE FAIR TO CAPITAL. Canadian money should be encouraged to invest at home and foreign capital attracted to promote Canadian industrial expansion.

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 51.

TORONTO, CANADA

February 17th, 1920.

FOR RELEASE

upon receipt.

Discussing the industrial history of Ireland in the February number of The Protectionist, Dr. R. E. Thompson says: "Under the tariff enacted by the National Parliament in 1782 Irish manufactures grew and flourished. That Parliament rejected the first approaches of the scheme for the Union because it would sacrifice those manufactures. So the Act of Union, in 1801, provided for a very gradual reduction of the duties in that Irish tariff, and multitudes of Irishmen believed the native industries were strong enough to stand alone after this reprieve. By 1820 the duties were gone, and by 1826 the manufactures had gone after them. Ireland settled down to farming and famine."

The Adams Furniture Company of Toronto, in advertising its February sale of Made in Canada furniture, says: "We would like everyone to know that Canadian factories are making furniture fully as good as it is made anywhere outside of Canada, and making it for less money than the outside product. And when you add to this knowledge the fact that nearly 50 per cent. has to be tacked on to the selling price of imported furniture for import duty - not to mention the present low purchasing power of our own Canadian dollar, due to unfavorable exchange rates - you can quickly realize the great importance of buying Made in Canada furniture."

Australia has decided to conserve more of its own products according to the Far Eastern Division of the United States Bureau of Foreign and Domestic Commerce which says: "During the past five years the value of the canned food-stuffs imported into Australia from the United States has increased from \$700,000 to \$1,946,000. Recently a sentiment has been growing to conserve more of their own products and to establish new canneries, which will be equipped with modern machinery. In the five years ending with 1916 the value of the machinery installed in such plants increased from approximately \$40,000,000 to \$85,000,000. In 1916 there were 241 meat and fish preserving plants and 139 fruit and jam preserving plants in the Commonwealth."

Manufacturers of commodities ranging from clothes-pins to locomotives are represented by export groups organized in the United States under the Webb-Pomerene law permitting combinations for the development of export trade. All sections of the United States and nearly all the important industries are represented in associations already formed, while new groups are constantly being organized. "In some cases," says The Wall Street Journal, "the organizations are mutual associations and do not have capital stock. The ground work has thus been laid for American manufacturers to combine in an effective way in not only stimulating export trade, but in meeting competition in foreign fields which will increase in intensity in future years as the work of rehabilitation progresses in European countries."

The Federal Reserve Board of the United States has issued a statement in which it expresses its belief "that a peak in high prices and inflation has been approached, if not reached." A heavy reduction in foreign trade is predicted if exchange continues at its present unfavorable figure.

Relative to the leather and shoe industry, the Board makes the following statement, based upon reports from its correspondents: "The demand for higher cost goods apparently is slowing down rapidly with a corresponding increase in the call for lower grades."

The fact that during the war the people of the United States obtained their sugar at lower prices than those of any other great nation in the world, is directly attributable to the protective tariff which developed the domestic beet sugar industry in that country, according to a statement by Truman G. Palmer, Executive Secretary of the United States Sugar Manufacturers Association. The Dingley Tariff Act of 1897 increased the import duty on sugar from an ad valorem duty to a specific rate of 1.685 cents per pound on 96 degree raw sugar, which was the grade most largely imported into the United States.

In 1896, six sugar beet factories, operating in the United States, produced 32,726 tons of sugar. Immediately after the passage of the Dingley Bill, new beet sugar factories began to spring up in many of the northern and western States. This development was checked to some extent in 1903 by the enactment of a reciprocity treaty under which raw sugar from Cuba was imported subject to a duty of 1.348 cents per pound. Nevertheless, the industry has grown and the domestic production in 1914 exceeded that of 1896 by 700,000 tons, while the increase in the production of sugar in the insular possessions of the United States amounted to 982,000 tons, making a total increase in domestic and insular sugars of 1,682,000 tons. In 1914, sugar production in the United States and in the insular possessions of that country represented about half of the total domestic requirements. In addition, the 20 per cent. preferential duty granted to Cuba in 1903 resulted in increasing that Island's sugar production by over 1,750,000 tons by 1914.

The budget of Finland for 1920 shows indirect taxation as the main revenue reliance, with the import tariff as by far the largest revenue source. Indirect taxes total 571,000,000 marks, while direct taxes are estimated to yield 225,663,000 marks.

The Government of Portugal has passed a decree doubling the import duty on all articles not regarded as indispensable. The same decree regulates the sale of foreign exchange by banks, and limits all ordinary transactions to 300 escudos per person per month.

An increase of 10 per cent. is made to the invoice valuation for customs purposes by the Australian Customs Act. Australian tariff duties in the case of commodities produced in Australia are high, despite the fact that that country is quoted by low tariff advocates in Canada as relying largely upon direct income taxation. In the hardware items, for example, duties of 38½ per cent. are levied on shovels, spades, scoops, hinges, door hangers, pulleys, locks, toilet fixtures, stencils, enameled ware, and food choppers. Another long list of items is subject to a net duty of 33 per cent.

The Wall Street Journal quotes an unnamed Canadian authority, "the leader of a movement in Canada to embargo the shipment of pulpwood to the United States," as stating that the United States must have products made from Canadian pulpwood, and that if the wood be manufactured into paper in Canada and then shipped over the boundary it would bring Canada perhaps \$80,000,000 profit instead of the present \$15,000,000 profit on the unmanufactured pulpwood.

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 52.

TORONTO, CANADA

February 24, 1920.

FOR RELEASE

upon receipt

Analyzing the relation of wages to the tariff, Dr. F. W. Taussig, of the Department of Economics in Columbia University, and until recently Chairman of the United States Tariff Commission, in a special article in the Atlantic Monthly, considers the effect upon the United States of free trade. Dr. Taussig, who is a Democrat, who was appointed Chairman of the Tariff Commission by President Wilson, and who, before the war, might properly have been classed as an out-and-out free trader, has modified his views considerably and now states that there are conditions under which protection is desirable. While he repudiates the doctrine of universal ruin to American industries from free trade, he says:-

"None the less, the change would be absolutely large. There would be shutdowns, attempts to meet the situation by lowering wages, strikes, slow transfer of laborers to other regions and other industries, business failures, empty mills and villages, a trying readjustment of prices, and probably of the general scale of money wages, hard times, and uncertain employment."

Again he says: "So great are the difficulties of an abrupt shift from one industrial policy to another - the real ones, not the imaginary ones of universal collapse and perpetual ruin - that no country, it can safely be predicted, will ever adopt such a ruthless procedure. If a change takes place it will be by slow and gradual steps; and the first steps will be for a short start in a new direction, not at the moment of much consequence. Meanwhile, the bulk of the established industries will be safeguarded. And within the range of the industries thus protected it will remain true that wages can be kept high only so long as the protection is maintained."

As a result, largely, of tariff protection supplemented by the additional protection provided by war conditions, the Australian confectionery industry has shown remarkable development, and there is keen domestic competition, which is an assurance of reasonable prices. At a recent hearing of the Royal Commission in Melbourne, inquiring into the sugar industry, Mr. M. Robertson, manufacturing confectioner, testified that he had spent £100,000 in building and plant in the last three years. Similar action on a smaller scale, he said, had been taken by manufacturers in other States. The Association of Australian Confectioners estimates that within twelve months the local industry will be supplying the local demand. As the result of the growth of local manufacturing, imports of confectionery to Australia have fallen off sharply.

No more striking examination of the interdependence of agriculture and industry has appeared recently in Canada than that contained in a special article on "From Farm to Table," contributed to the Industrial Number of The Grain Growers' Guide by Mr. Thomas W. Fraser. "Our biggest single industry in Canada, by far," says Mr. Fraser, "is the manufacture of food products; and no less than 20 of the 27 groups of food products enumerated in the list of which the Dominion Department of Statistics takes cognizance, draw their raw material in whole or in part, from the farms of Canada."

Dealing with food products from wheat, including bread, biscuits and confectionery; flour and grist mill products; prepared foods; ice cream cones; macaroni and vermicelli, Mr. Fraser submits the following interesting statistics from each group:-

Bread, Biscuits and Confectionery - The number of establishments manufacturing such products in 1917 was 2,026; capital employed, \$35,538,738; employees, 18,327; wages paid, \$13,104,365; cost of materials, \$44,201,470; value of products, \$77,223,581.

Flour and Grist-mill Products - Number of establishments, 1,098; capital employed, \$72,573,982; employees, 6,914; wages paid, \$6,292,797; cost of materials, \$183,586,936; value of products, \$224,191,735.

Prepared Foods - Number of establishments, 8; capital employed, \$457,267; employees, 144; wages paid, \$80,038; cost of materials, \$140,795; value of products, \$443,022.

Ice Cream Cones - Establishments, 7; capital, \$149,138; employees, 56; wages, \$47,073; cost of materials, \$112,600; value of products, \$269,868.

Macaroni and Vermicelli - Establishments, 9; capital, \$704,380; employees, 104; wages, \$101,689; cost of materials, \$545,263; value of product, \$1,006,750.

A recapitulation of the statistics for the wheat group of industries gives the following results: Establishments, 3,161; capital, \$109,799,493; employees, 25,693; wages, \$19,746,900; cost of materials, \$229,110,468; value of products, \$304,008,890.

For the second group of food industries, "slaughtering and packing," Mr. Fraser presents the following statistics:-

	1910	1918
Establishments	70	66
Capital	\$13,746,271	\$74,909,956
Wages	2,406,571	9,983,947
Cost of materials	34,631,818	140,331,249
Value of products	41,208,796	185,468,146

Continuing, Mr. Fraser says: "Butter and cheese stand third on the list of farm food products, the value for 1917 being put at about \$85,750,000, as compared with \$37,250,000 in 1910 and \$56,250,000 in 1915.....An article which has made great advance in product, and particularly in export, in recent years, is condensed milk and cream. In 1910 our total production of this was valued at only \$1,814,871. In 1917 this had increased to over \$8,000,000; and since that time there must have been a very heavy further increase, as the exports alone for the year 1919 were considerably over that amount, and Canada is a large domestic consumer.

"Another Canadian farm food product, the supplies for which are raised almost entirely in the eastern provinces, is canned fruit and vegetables; and along with this we may consider jams and jellies, maple syrup and sugar, and evaporated fruits and vegetables. The respective statistics for those articles for the periods which we have been considering are as follows:-

Fruit and Vegetable Canning-	1910	1917
Establishments	82	118
Capital	\$5,512,474	\$ 8,354,097
Wages	915,008	1,361,707
Cost of Materials	2,295,303	10,463,221
Value of products	5,971,082	16,385,964
Evaporated Fruits and Vegetables-	1910	1917
Establishments	65	49
Capital	\$510,065	\$1,300,779
Wages	116,715	470,478
Cost of Materials	171,593	1,162,757
Value of products	448,929	2,470,344
Jams and Jellies-	1915	1917
Establishments	12	31
Capital	\$776,571	\$2,752,600
Wages	127,594	394,617
Cost of Materials	515,895	1,783,769
Value of products	934,286	2,997,782

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 53.

TORONTO, CANADA

March 2, 1920.

FOR RELEASE upon receipt

During the past month there has been pronounced development of the Made in Canada movement. Scores of cities, towns, and villages throughout the Dominion have endorsed the principle of purchasing public supplies in Canada, including: Belleville, Chatham, Fort William, Guelph, Hamilton, Kitchener, London, Niagara Falls, Peterborough, Port Arthur, Sarnia, Stratford, Toronto, Woodstock, Bala, Brockville, Cache Bay, Campbellford, Capreol, Deseronto, Dundas, Goderich, Kingsville, Midland, Mitchell, Niagara, North Bay, Orangeville, Paris, Picton, Simcoe, Strathroy, Thornbury, Trout Creek, Walkerville, Waterloo, Acton, Beaverton, Belle River, Brighton, Deloro, Havelock, Lucknow, Madoc, Maxville, Newbury, Richmond, Shelburne, Stirling, Tiverton, and Wheatley, Ontario; Alberni, Courtenay, Cranbrook, Kamloops, Nanaimo, New Westminster, Port Coquitlam, Prince Rupert, Revelstoke, Trail, Vancouver, Vernon, Victoria, Cloverdale, North Cowichan, North Vancouver, Peachland, Penticton, and South Vancouver, British Columbia; Calgary, Lethbridge, Medicine Hat, Wetaskiwin, Bassano, Coleman, Tofield, and Peace River, Alberta; North Battleford, Regina, Weyburn, Alameda, Gravelbourg, Humboldt, Kamsack, Moosomin, Radville, and Yorkton, Saskatchewan; Boissevain, Brandon, East Kildonan, Killarney, and St. Boniface, Manitoba; Dartmouth, Lockeport, Lunenburg, Mahone Bay, Sydney Mines, and Truro, Nova Scotia; Newcastle, Sackville, St. Andrews, St. John, and Sussex, New Brunswick; and Summerside, Prince Edward Island.

Urging good workmanship and maximum production as labor's contribution to the Made in Canada campaign, the Canadian Labor Press, in its February issue, contends that "quality should be the hall-mark of Canadian products. It is the guarantee needed to ensure the success of the Made in Canada movement." "The time," it says, "seems to be curiously one of new political parties and class platforms. There is need for a national platform constructed in the interests of all the people, and for such a platform the Canadian Labor Press suggests and endorses the following planks:-

1. Public support of the home market through purchase of Made in Canada goods.
2. Development of export trade.
3. Scientific determination and utilization of natural resources.
4. Maximum production in field and factory.
5. National thrift and rigid reduction of imports from the United States."

While organized farmers in Canada are demanding free trade with Great Britain within five years and reciprocity with the United States, farmers of Australia, far from demanding radical tariff reductions, are pledged to "the full encouragement of all industries which the war has shown to be essential to

national existence." On the tariff generally the policy of the Country Party is:-

"No increase in the tariff until each request is examined and reported on by the Inter-State Commission or some other duly constituted board or commission appointed by Parliament for that purpose, and especially taking into consideration the probable effect of increases in the tariff rates on primary production."

Referring to the agitation in some parts of the Dominion for a tariff reduction, "so that American goods may come in more freely," Mr. T. B. Macaulay, President of the Sun Life Assurance Company of Canada, in a recent speech before the members of the Financial Club of Montreal, said: "Let us drop all protectionist and free trade ideas and consider how this would work. Any marked increase in our imports from the United States would so increase our adverse balance of trade with that country that the premiums on American exchange would almost certainly rise considerably. A reduction in the tariff would certainly mean an increase in the cost of New York funds, and it is possible that such increase might even offset entirely the reduction in the customs charges. The effect of that would merely be to transfer some of our customs revenue from our own Government to American brokers and investors as inducements for them to buy Canadian securities, and thus increase our indebtedness to that country."

The Canadian dollar is worth 100 cents in Canada. It is worth only 84 cents in the United States. With Canadian money at a discount of from 10 to 15 per cent., exchange with the United States is costing Canadian consumers between \$75,000,000 and \$100,000,000 a year.

"We are buying \$740,000,000 of goods a year from the United States," said Hon. Arthur Meighen, Minister of the Interior, addressing Winnipeg business men recently. "Of that \$740,000,000, \$71,000,000 is cotton, which we have to buy from there; \$154,000,000 is iron and steel, and we surely have enough iron and steel in this country to supply all the needs of Canada; \$46,000,000 is for wool, and I know of no reason why we cannot grow enough to supply our own demands; \$51,000,000 is for coal, and we have as much coal as the heart of man can desire in this western country, and there should be some way found whereby the largest production of coal used in this country comes from the mines of our own country; \$20,000,000 is for imports of meat, and surely this is a meat-producing country; \$18,000,000 is for hides; \$15,000,000 is for chemicals; and \$19,000,000 for breadstuffs. There is not the slightest reason in the world why the chemicals we need should not be obtained in our country; this is the greatest country in the world for the production of chemicals."

"In all these lines, making up more than half of our imports from the United States, it only requires the essentials of a sound policy and courageous effort on the part of our country to reduce the purchases in the United States to only a percentage of what they are to-day, and to increase our sales."

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 54.

TORONTO, CANADA

March 9, 1920.

FOR RELEASE

upon receipt

Official trade figures still afford little comfort that the people are awake to the necessity of purchasing in Canada and of lessening national dependence upon foreign industries: yet the Made in Canada campaign, supported by the exchange situation, is producing results. Domestic manufacturers are responding to the demand for Canadian made goods of high quality and more of them. Factory expansion is under way in many places. Canadian industry, even now, is in a position to supply some of the commodities formerly imported in large quantities, and, with continued support for Made in Canada goods, will be able to provide a steadily increasing proportion of the commodities required by the people of this country.

More than one hundred municipalities have passed resolutions adopting the principle of purchasing public supplies in the Dominion. Mayor Martin of Montreal, in referring the matter to the City Council, heartily supported the proposed resolution which was carried. Many other organizations have gone on record as urging Canadian buying of Canadian made goods. The movement is being splendidly supported also by retail dealers throughout the Dominion.

Departmental stores and others have done much to make the effort a success by featuring Made in Canada products in their advertising and by special sales. Many high-class boot and shoe stores, which before the war stocked four pairs of American made shoes for every one pair of Canadian, are now reversing that percentage. The slogan, "Canadian money, Canadian made, should stay in Canada for Canadian trade," is being repeated by many school children and, in some cases, is being talked of in the class-rooms. At least one large Canadian advertiser has recently incorporated it in his advertisements.

Approximately 97 per cent. of the British income tax is paid by 3 per cent. of the population, while the remaining 97 per cent. of the population largely escapes the levy. The New York Times recently quoted an expert estimate that probably 2,000,000 wage earners in the United States who came within the scope of the income tax law were not making returns. In Canada during the four fiscal years 1915-19, the agricultural half of the population paid less than one per cent. of the direct federal taxation levy. A tariff, in addition to stimulating the development of domestic industry, is the most dependable source of revenue and when supplemented by income taxation operates to distribute the burden most equitably over the entire population. There are large classes in the community which contribute little to the revenues of the State except by indirect taxation, and which could escape taxation in almost any other form.

Reports to the United States Government give details of a number of interesting and significant tariff developments abroad. At the National Industrial Congress, held recently in Copenhagen, it was resolved to petition the Government for an increase in the Danish import duties. Until general revision of the tariff can be undertaken, the petition urges that the tariff be increased provisionally in order to restore the relative degree of protection existing before the war.

The Danish and Norwegian Foreign Exchange Councils, supported by the banks, are refusing foreign exchange except for absolute necessities, which has the effect practically of prohibiting luxury imports. Sweden has not yet

established an Exchange Council, but the Government is urging bankers to refuse foreign exchange for all luxury purchased abroad.

The Stockholm Chamber of Commerce, following an investigation, made at the request of the Swedish Legislature, of Swedish industries and the effect of tariff protection on them, has submitted a report indicating a demand for increased protection of some of the important industries of Sweden. The report states that the present tariff provides insufficient and, in certain cases, quite illusory protection for the machine industry and the Committee favors a return to ad valorem duties adjusted according to market prices, provision being made for abnormal rates of exchange. It is further stated that the electrical instrument industry is asking that the present ad valorem duties be doubled.

The Swiss Federal Council has prohibited importation of foreign furniture until further notice, in order "to prevent excessive importations which would affect the home market and result in extensive unemployment in the Swiss furniture industry." The Department of Public Economy has, however, been authorized to permit importation of a quantity equal to the average monthly imports during 1919.

By a new ruling of the Australian Ministry of Trade and Customs, when invoices from a country where British currency is at a discount from the par of exchange show the fair market value in the second column in British currency, such values are now being loaded for duty purposes to the extent of the difference between the commercial exchange rate at the date of the invoice and the mint par of exchange.

The experience of two representatives of the British Columbia Packers in an attempt to dispose in Europe of the surplus of the 1918 pack of chum salmon indicates in a striking way the rapidly changing situation overseas. In showing the declining demand abroad for Canadian food products, it emphasizes the fact that Canadian producers of foodstuffs as well as producers of manufactured goods must look to the home market to a much larger extent than they did during the war. Any measure which impairs that home market, by increasing unemployment or otherwise, must affect adversely the producers of food as well as every other class in the community.

After being satisfied that the sale of chum salmon in the English home market was impossible under the existing conditions, and after negotiations in London for export had broken down, it was decided to proceed to the continent. Negotiations with France at first appeared hopeful, but it was eventually intimated that it was not the policy of the French Government to make any further purchases of foodstuffs of this nature. The sale in France of large surplus stocks of Allied army supplies had left considerable quantities of canned goods available, and in spite of the probability of a special credit being granted, the rate of exchange was so low that the French Government was restricting purchases in every possible manner. Sale of any considerable quantities through French commercial channels was found to be impossible for the time being. As regards purchases by the municipality of Paris and other large French towns, it was ascertained that their policy was guided by the same general principle as that of the Government, and that only essential foodstuffs were of interest.

A favorable proposition was made to the Roumanian Commission in Paris but received a similar reply that the Government was now only buying the smallest possible quantities. At Brussels proposals were placed before the Belgian Government; but the demand for the Congo was not sufficient to merit attention and investigation proved that chums were not wanted in the Belgian home market.

The moral is obvious: The Canadian market is capable of absorbing between 85 and 90 per cent, or more, of all that Canadian food producers can supply. At a time of declining buying from abroad, is it wise to propose fiscal measures which would surely impair the purchasing power of the home market, too?

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 55.

TORONTO, CANADA

March 16, 1920.

FOR RELEASE

upon receipt.

Urging Canadians to spend their vacations in Canada, Mr. George Pierce, editor of the "Canadian Railroader Weekly", recalls the campaign of "See America First" which was inaugurated in the United States some years ago, and which he says resulted in a saving of more than \$150,000,000 to the American people. He continues, "If there is one reason more than any other why we should travel in Canada this summer, it is the unfavorable rate of exchange as between Canada and the United States. To cart our sound dollars across the boundary line at a loss of at least fifteen per cent., and to pay the American top price for clothing verges on financial lunacy. Americans will flock up here by thousands. The favorable rate of exchange, coupled with the proper publicity south of the line, will probably produce astonishing results." Urging purchase of Made in Canada goods, Mr. Pierce, in the same article, says: "I recently saw a comparison of forty-nine manufactured articles made in Canada with similar articles manufactured in the United States. Most inexperienced buyers would be unanimous in agreeing that the Canadian merchandise was more substantial, quite as stylish, and very much cheaper. The notion that American goods are superior is entirely wrong. Every one of us should make it a principle to demand a comparison from the merchant who glibly advises us to buy goods of foreign manufacture. Give the home product a fair chance. You will be surprised to find it just as good, if not better, and you will be rewarded by the saving effected.

"The railroadmen of Canada alone have a buying power of nearly six millions a week. Let every railroad man in the future make it a rule to have both articles laid on the counter for comparison. This will compel Canadian merchants to stock up with Canadian goods. This means busy Canadian factories, which in turn mean busy Canadian workmen. The Canadian dollar is worth a hundred cents, the Canadian goods are worthy of the support of that hundred per cent. dollar. If the "Made in Canada" stamp is not on your goods, it ought to be. If the Yankees want to sell us, then let them put their factories up here so that we can know what goes into their goods and have some guarantee that the goods are as good as they look."

Discussing typical work of research association in Great Britain, a correspondent in the London Times declares that already practical results have been obtained by the British Photographic Research Association, formed in May, 1918, "one of which gives British manufacturers the use of a process previously known only to Germany, and the Association is now said to be well on the way to other improvements of the first importance". Manufacturers in the cocoa, chocolate, sugar, confectionery and jam trades, now display considerable enthusiasm for co-operative research, and money required for the first years' operations was speedily guaranteed. "Most of the big firms have their chemists already, and common problems will receive the first attention. Cocoa will probably have to be considered right from its growth. This association represents 85 to 90% of the manufacturers in the country." Boot and shoe manufacturers have recently shown themselves anxious to become independent of America for the supply of machinery. Leather manufacturers are considering the formation of an association of their own.

Following instructions from the British Colonial Office, the Colonial Government of Ceylon has formed a tariff committee to make plans for "giving effective preference to articles produced within the British Empire." The committee will draft a list of articles which should receive such preferential treatment in the revision of the Ceylon import duties.

The London Daily Mail says that new crops are in course of cultivation in England, and that "out of them new industries are arising." These new crops which are proving a basis for industrial development, include flax, tobacco, and the plant "woad", and other sources of vegetable dyes. The British Government is assisting in the development of the beet sugar industry, while a special sub-department of the Board of Agriculture is promoting the production of farina or potato flour.

"It would seem not unreasonable to hope that the revenue of the industry might, by scientific management, at least be doubled," says Professor Andrew Hunter of the University of Toronto, in a bulletin on the fox raising industry, which has just been issued by the Council for scientific and industrial research. Professor Hunter states that this industry has already reached a truly surprising magnitude. "In Prince Edward Island alone there are about 275 fox farms with, it is conservatively estimated, at least 4000 pairs of breeding foxes. During the season 1918-1919 there were offered for sale, at prices ranging mostly from \$250 to \$1000, approximately 5000 skins, and the total revenue of the Island from this source must therefore have been little short of \$1,000,000. "When it is considered," he says, "that this province is not the only one in which foxes are raised for their fur (ranches have been established also in New Brunswick, Quebec, Ontario, Manitoba, etc.), and when it is further realised that the pelts produced are practically all exported, it becomes evident that the industry may justly claim not merely a local, but a national importance, which is very far indeed from being negligible."

The industry has not reached this status without encountering a variety of difficult problems which are dealt with briefly in the pamphlet. "It can hardly be doubted," Professor Hunter declares, "that under existing circumstances the returns of the industry are on the average lower than they need be. It is, to be sure, impossible to ascertain with exactness either the total number of fox pups born in a given year, or the total number raised to maturity; but the information available would suggest that the 4000 pairs of adult foxes in Prince Edward Island raised successfully last year not much more than 5000 pups. This would be an average yield of only 1.25 per pen. Since the number at a birth is seldom less than 3, and is often from 5 to 7, it is obvious that such a figure indicates either a large percentage of infertile matings, or very considerable losses among the growing pups." The pamphlet is devoted to discussing some of the primary causes of the present low rate of increase, and a further bulletin is promised from the research association, dealing with other products of the industry chiefly that of reproduction.

In 1913, Japanese imports into British South Africa were valued at only \$561,891. By 1918, they had increased to \$12,978,985, and for 1919 were only slightly less. The Japanese have not only captured the German trade in the South Pacific Islands, but they have almost completely superseded the British, who formerly did a business there worth over \$200,000 per year. A correspondent of the Scandinavian Shipping Gazette states that every article on sale in the Marshall Islands is of Japanese manufacture, ranging from needles to anchors, biscuits to sewing machines, jewelry to European wearing apparel, all adapted to please the native tastes. The British Chamber of Commerce in the Argentine Republic, in a report on textile trade competition in that country, says the Japanese have also done a considerable business in plain dyed cottons. Owing to their cheap labor it is generally considered that Japan will in the future be a serious competitor for the textile trade of that market.

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 56

TORONTO, CANADA

March 23, 1920.

FOR RELEASE

Upon receipt

Tariff protection in South Africa is resulting in continued factory development. The United States Vice-Consul, at Cape Town, reports that the industrial and manufacturing concerns in that Dominion are making satisfactory progress. He adds that the boot and shoe factories are fully employed and that most of them have sufficient orders in hand to keep them active for the next three months. There has been a recent advance in prices, but manufacturers are not taking full advantage of the tariff; in fact, prices are stated to be one-third less than the cost of imported boots of equal quality. Confectionery factories are also working full time. It has been found necessary to enlarge the match factory at Durban; while additions are also being made to the soap factory in the same place. Cold storage capacity at Congella is being enlarged. A company has been formed to acquire an enamel factory at Durban, the intention being to manufacture locally enameled goods of all kinds. The possibility of developing the pig-iron industry at Maclear, and also in the Ermelo district, is stated to be under consideration by financiers with ample resources.

Condemning the excess profits tax, Mr. William Colver, of the United States Federal Trade Commission, says: "The tax is difficult and cumbersome to collect and bears inequitably upon different concerns of the same size and profitability. As a matter of fact, it is a bonus given for inflated capitalization and a penalty on conservative capitalization. It should be repealed at the earliest possible moment and its repeal, I am certain, will result in an almost immediate lowering of the whole unhealthy price structure which is a burden alike upon every citizen whether he be consumer, merchandiser, producer or tax-payer.

"I say, and I am not guessing, that between \$4 and \$5 are taken from you and me and the man on the street as ultimate consumers in excess prices, for every dollar that eventually gets into the public treasury. Now I think that is pretty stiff taxation. If you knock the whole thing out, the price structure would come down, I think, two or three stories at least, and nobody would be hurt. Of course, the Government would lose this big revenue, and then you ask me to suggest what I would put in place of it. Plenty of other devices have been suggested by which to raise money. For instance, a reasonably small direct tax that everybody can see, evidenced perhaps by a stamp on gross sales. We would be a nation of tax payers of course, and we would yell about it, but we are a nation of tax payers now and we are paying \$5 for \$1, so why not put it out where we can see it and take it and pay it and kick about it and have done with it?"

Fifty-three joint councils have now been formed under the Whitley scheme in Great Britain, six of them being for industries or services in which municipal governments are concerned.

Aided by exchange and a protective tariff, the principal industries of Belgium have been making a rapid recovery after the war. Present production in sugar refineries is now 100 per cent. of production in 1913; in coal mines, 98 per cent.; glass, 66 per cent; textiles, 60 per cent; leather products, 50 per cent.; matches, 50 per cent.; superphosphates, 50 per cent. Shortage of coal appears to be the greatest and almost the only obstacle in the way of increased production in Belgian industry as a whole.

By a new ruling of the Australian Ministry of Trade and Customs, when invoices from a country where British currency is at a discount from the par of exchange show the fair market value in the second column in British currency, such values are now being loaded for duty purposes to the extent of the difference between the commercial exchange rate at the date of the invoice and the mint par of exchange.

The advantages of a protective tariff in attracting foreign capital for industrial development in competition with domestic manufacturers, is indicated by the following excerpt from a report by the United States Consul, at Kobe, Japan, on the market for bicycle tires in that country. The Consul says:

"As imported tires must pay a duty of 11.4 yen per 100 kin, or about \$12.75 per 100 pounds, it is very difficult for foreign manufacturers to compete with Japanese producers in this line. One English concern has established a branch factory in Japan in order to take advantage of the cheap labor available here and to avoid the payment of import duties. This branch factory supplies a considerable part of the local demand for bicycles, rickshaw, and automobile tires, and it would appear that the only way in which competition of the Japanese manufacturers can be met is to adopt the same course as that taken by this concern."

Approximately 40 per cent. of industrial enterprises in Bolshevik Russia have been nationalized with the result that productivity in all essential lines save textiles is barely 30 per cent. of pre-war figures.

The Chamber of Commerce of the United States has adopted resolutions urging repeal of the excess profits tax features of the Revenue Act of 1918; repeal of the surtax on incomes; decrease of the inheritance tax imposed by the act and the allowance of a deduction of the amount of inheritance imposed by the States; and imposition of a consumption tax at a fixed rate of percentage on amounts in excess of one dollar.

With the aid of the protective tariff, New Zealand shoe factories have made marked progress. The United States Consul-General, at Auckland, reports that better shoes are being made there now at cheaper prices than ever before, notwithstanding the fact that wages have been increased.

In the final report of the Nitrogen Products Committee proposals are made for the development of the production of synthetic nitrogen under British Government patronage as a "key" industry. It is set forth that this can be done at an estimated factory cost of less than half the market price of combined nitrogen obtained from other sources. They urge the immediate establishment in Great Britain of works capable of manufacturing 60,000 tons of cyanamide annually.

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 57

TORONTO, CANADA

March 31, 1920.

FOR RELEASE

Upon receipt

The confectionery industry in Australia is asking for increased protection. During the last year of the war the importation of confectionery was forbidden, with the result that great impetus was given to local manufacturing, and large investments were made. Such import restrictions have been continued pending introduction of the new tariff bill at the present session of the Australian Parliament. The duty under the present tariff is now 3½d. per pound, or 40 per cent. ad valorem, whichever returns the higher duty. This is considered adequate on the cheaper candies, but is not thought to be sufficient protection to the makers of the finer grades of chocolates and bonbons. The annual turnover in the industry is estimated at \$14,280,000, and it is claimed by Australian manufacturers that they can fully supply the market in all grades if granted the tariff protection they ask.

The effect on production of Bolshevik rule is seen in the fact that the International Harvester Company's plant at Moscow, which in 1913 had 2,000 workers, is now employing only 1,000. Before the war production was five times as great as it is to-day. The Company's warehouse holds 14,000 new machines desperately needed for the handling of this year's crop, but which cannot be shipped because they lack knives. The effect of Bolshevism is seen in an even more startling light in the case of nationalized industries. In a group of eight nail factories, each man now turns out 20 pounds of nails monthly as compared with 2100 pounds before the war.

The Secretary of the United States Treasury, in a letter to the Chairman of the House Ways and Means Committee, has stated that income and excess profits taxes in the United States cannot be reduced until after 1922. He has urged, however, immediate simplification of these taxes and substitution of a flat tax on excess profits instead of the present graduated rates.

The British Overseas Trade Department is planning a number of touring exhibitions for the purpose of advertising British manufactures abroad. Three or four such exhibitions are contemplated, one for Australia, New Zealand, Canada and South Africa; another for India and the Far East; a third for South America; and possibly a fourth for the United States. The exhibition to tour the Dominions is expected to leave early in June, and to visit the following cities: Durban, Johannesburg, Cape Town, Perth, Adelaide, Melbourne, Hobart, Brisbane, Christchurch, Auckland, Vancouver, Winnipeg, Toronto, Montreal and Halifax.

The Canadian Trade Commissioner at Melbourne, in a report to the Department of Trade and Commerce at Ottawa, says: "Australian merchants frequently express surprise that quotations from Canada, by cable and by letter, stipulate 'payment in New York Funds'. Some of the larger industries in the Dominion exporting to Australia are the chief offenders in thus creating a distinctly unfavorable impression with Australian buyers who are anxious to obtain a greater

portion of their requirements from sources within the Empire.

"While admitting that it may at times be more advantageous from a financial viewpoint for some Canadian industries to have funds available in New York, yet it must be quite obvious that the Australian importer is fully aware of the difference between the United States and Canadian rates of conversion on the pound sterling, and can calculate his landed costs accordingly.

"By stipulating payment in New York, it causes an impression to the Australian buyer that the particular industry so quoting is dominated or controlled by United States capital, and it is disheartening to the Trade Commissioner interviewing large importers to be confronted with such a contention from day to day. Further the explanation given is rarely acceptable even to the most intelligent buyers, who are at a loss to understand why an exporting country is not disposed to accept payment in its own funds rather than demand payment in the currency of another country."

The Commissioner thinks it "eminently desirable that Canadian manufacturers and exporters, in exploiting and building up their overseas trade, should endeavor to establish the financial centres of the Dominion upon a stronger basis by quoting for payment in Canadian funds."

A cablegram from the United States legation at Athens, says: "All regulation of foreign exchange by the Hellenic Government has been abandoned. The Government proposed, however, to discourage or prohibit the purchase of luxuries from abroad, and it is understood that its bank balances in the United States and Canada will be utilized solely for wheat, flour, sugar, and other absolute necessities."

A new customs tariff came into force in Poland on January 10, replacing the "Hindenburg" tariff which has been in provisional operation. The new tariff involves considerable protection to Polish industries, but details of rates are not yet available. Importation of certain specified "unnecessary" or "luxury" goods is prohibited.

Roumania is now collecting a special tax of 2 per cent. ad valorem on all imports, in addition to the rates specified in the Roumanian tariff.

The United States Bureau of Foreign and Domestic Commerce announces receipt of the following message from its commercial attache at Rome: "I am informed by the Minister of Commerce that the Italian Government will deal immediately and energetically with the foreign exchange situation. Exportable capital will be placed at once under more severe control. The purchase in the United States of condensed milk, butter, cheese, sugar, and canned meats will be suspended and American imports will thus be reduced by about 20 per cent. It will be extremely difficult to sell to Italians American manufactured goods that by any possible construction admit of classification as luxuries."

In order to protect Australian motor car builders, the Government of the Commonwealth has limited the importation of motor bodies to a certain percentage of the number of chassis imported. The new order prohibits the import of batteries intended for use in connection with the ignition, lighting and starting of motor vehicles, unless they are brought in as part of the complete car, and there are rumors to the effect that the importation of carburetors will be similarly prohibited in the near future.

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 58.

TORONTO, CANADA

April 6th, 1920.

FOR RELEASE

upon receipt

The moving picture in its relation to education is attracting the special attention of an expert committee of the Nation Council of Public Morals in Great Britain which proposes to conduct:-

1. A psychological investigation of the durability of cinema impressions on school children.
2. The measurement of fatigue caused by instruction by means of the cinema.
3. The carrying out of comparative tests of education by cinematographical methods with those by normal methods of instruction.
4. The direction in which the cinema would yield the most fruitful results.
5. The possibility of the cinema in cultivating an aesthetic appreciation.
6. The best means of correlating the work of the school with that of the cinema, and the most economical and effective method of using the cinema for this purpose.
7. The collection of evidence with regard to experiments which have already been carried on effectively by using the cinema for educational purposes.
8. The best methods of producing suitable films for school purposes.

The advantages of a protective tariff in encouraging investment of foreign capital for industrial purposes is illustrated in the following extract from a report by the United States Trade Commissioner in Buenos Ayres, Argentina. The Commissioner says:-

"Although a high protective tariff on candy stimulates domestic production, there is a very low tariff on the ingredients for candy, including nuts, dates, etc. Prepared chocolate is an exception, however. Domestic production of sugar has increased so that the refined product is now selling at retail as low as 8 cents per pound. Milk is plentiful in Argentina, and if transport could be provided from the outlying districts the price would be considerably lower than that paid in the cities of the United States. Moreover, labor costs are low and the sale price of candy high. Undoubtedly an American candy factory would be able to make a good profit in Argentina."

The Finance Committee of the United States Senate has favorably reported a bill to promote the production and manufacture of tungsten in the United States. The bill provides for high duties on the tungsten content of imports and for a rate of 35 per cent. ad valorem on high-speed tungsten steel and all alloy steels containing tungsten.

The experience of the farmers of Chihuahua, Mexico, illustrates the effect upon the agriculturists of interference with export trade. The United States Consul at Chihuahua has cabled to the Department of Commerce at Washington that since the announcement of the export embargo on hides, effective last May, dry hides have dropped in Chihuahua from 32 cents United States currency per pound, to 18 cents, green hides from 14 cents to 7 cents per pound, and goat skins from \$1.18 to 60 cents.

The effect of the decline in European requirements of foodstuffs, coupled with the influence of the exchange situation, is illustrated in the recent shipment of 10,000 tons of Danish potatoes to the British market and the report that the remaining exportable surplus of 70,000 tons will likely be shipped to this continent if a favorable rate of exchange continues. It was expected that most of the Danish surplus would be sold to Germany, but the low exchange value of the German mark has compelled the Danish exporter to turn to other markets. The Canadian customs duty on potatoes was removed by Order-in-Council during the war in order to enable Canadian producers to take advantage of the reciprocal offer of free entry into the United States. As a result of such situation it is not impossible that Danish potatoes may soon be competing with the Canadian product in this market.

The Governor of Jamaica, in his opening speech to the Legislative Council, on March 16, recommended an increase in the specific duties on goods imported from elsewhere than countries of the British Empire, leaving a preference to imports of Empire origin. He also recommended for consideration limitation of the Jamaican free list to articles imported from within the Empire.

Swedish producers of cheese have protested to the Ministry of Agriculture that cheese from Denmark and the United States is being sold on the Swedish market at prices lower than the cost of production in Sweden. They point out that under present conditions they must operate at a loss and that eventually their industry may be ruined by foreign competition. The producers have requested that either an embargo be instituted on imports or a tariff duty imposed, a rate of six per cent. per pound being suggested.

The British Government has declined to renew its contract to take over the supplies of frozen meat and wool in New Zealand after July 1, 1920. It is estimated that after that date there will be available a considerable quantity of fresh meat and some 600,000 bales of wool for which export markets are required.

The Berlingske Tidende of Copenhagen states that at the present time, by reason of exchange and other conditions, Danish producers are being seriously handicapped in the export field, while even in the home market they are met with competition of goods imported from Germany at very low prices, in many cases at less than half the cost of production in Denmark. Recently certain classes of hardware and tools from Germany were sold in Denmark at retail prices which were only one-third of the cost of producing the same goods in Denmark.

British manufacturers, aided by the Imperial Government, are not relaxing their offers to extend old export markets and to develop new ones. The announcement is now made that the Government of Peru has granted permission to the British Chargé d'Affaires for the use of one of the Government buildings in which to install an exhibition of British products. The exhibition will open in April and continue for ten weeks. A wide range of British manufactured goods will be displayed, and it is said that this will simply be preliminary to an intensive commercial campaign on the part of British interests.

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 59

TORONTO, CANADA

April 13

FOR RELEASE

upon receipt

That progressive Canadian manufacturers appreciate the possibilities and importance of export trade is indicated in a report to the Department of Trade and Commerce from the chief Canadian Trade Commissioner in the United Kingdom. The Commissioner writes relative to the British Industries Fair and says in part:-

"While there are still far too few Canadian exhibitors, it is gratifying to find that Canada is represented there.

"The London branch of the Otto Higel Co., Ltd., of Toronto, has a very elaborate display of piano actions and player actions. It will be known that this energetic Canadian enterprise has been supplying such a quantity of goods to British piano manufacturers since the war that it was found advantageous to erect a branch factory close to London, which is now in the course of being greatly enlarged. The company is understood to be supplying player actions to almost all the principal United Kingdom makers.

"Towels manufactured by the J. Finlay & Sons Co., of Norwood, Ont., and the 'Kiddie-Koop', manufactured by the Lea-Trimble Mfg. Co., of Toronto, are shown by their respective agents: Messrs. Winther, Perrin & Co., Ltd.

"The Gillette Safety Razor Co., of Canada, Ltd., has its own stand; the Palmolive Co., Ltd., of Toronto, which maintains a London office, has a comprehensive display of soaps, toilet specialties, etc.; and the Empire Typewriter Co., Ltd., of Montreal - the London office of which has done considerable business in this country for years past - is also well represented.

"A line of dolls manufactured by the Dominion Toy Mfg. Co., Ltd., of Toronto, finds a place in the general toy exhibit made by their London agent, Lewis Wild.

"Although this report deals solely with the London section, it is understood that there are several Canadian exhibits at Birmingham, so it would appear that the value of the Fair is becoming more appreciated."

A new tariff bill has been prepared for submission to the Legislature of Finland. It provides for increased duties in all cases where specific rates now apply. The increase amounts to 200 per cent. in most cases, with the exception of woollen stuffs, on which the increase in duty will only be 100 per cent., and a special list of foodstuffs and other commodities on which the duty is left unchanged.

New import restrictions have been imposed by the Government of Poland. The preamble to the new decree refers to the fact that the edict of December 2, 1919, authorized imposition of further restrictions on the importation of goods which are not indispensable for the preservation of life and the development of national industry; and states that in view of the financial and economic situation it is a matter of urgency to prohibit absolutely the importation of certain articles and to control the importation of certain other articles. The new order prohibits absolutely the importation of 95 articles, including: Automobiles (except motor trucks), silk textiles, alcoholic drinks, beer and wine, crackers, preserves, watches, firearms, leather gloves, pens, rubber goods,

lumber and furniture, gold and silver goods, shoes, hats, and writing inks. Moreover, the Minister of Finance will fix monthly the number of motor trucks, bicycles, and pianos which will be admitted.

The Exchange Councils of Denmark and Norway are refusing foreign exchange except for the purchase of necessities, while in Sweden, which as yet has no Exchange Council, the Government is urging bankers to refuse exchange for the importation of luxuries.

Industrial development in the State of Victoria, Australia, according to official figures, has resulted in an increase of 60 per cent. in the number of hands employed and an increase of 194 per cent. in the amount of wages paid, the comparisons in each case being with 1914.

The Prices Commission appointed by the Legislature of Victoria, Australia, has issued its final report in which it finds two objections to the view that the local price of primary products should be based on the cost of production plus a reasonable profit, irrespective of the world's price. The first objection is that, as cost of production of primary products per marketed unit depends upon the quantity of the yield, which in turn depends upon the seasons, cost of production must be averaged for a period of years. The second objection is made on the ground that Australia is a debtor nation with large annual obligations abroad. The Commission believes that until Australia can export manufactured articles in large quantities, it must rely upon exportable surpluses of primary products as a means of paying its debts. To do this it is necessary to encourage the producer in every practicable way, and nothing is more certain than that any attempt to prevent him from getting the true local parity of world prices will result in a diminution of production. This is exemplified in the recent history of wheat production in Australia, where the area under crop has diminished from over 12,000,000 acres in 1916 to a little over 7,000,000 acres in 1919. As to the causes of high prices of commodities, the view of the Commission is that undue profit-taking is not the chief factor.

Senator Arthur Capper, in an article in the April issue of the Journal of the American Bankers' Association, states that the average buying power of the United States farmer has increased during the last four years from \$1,600 to \$3,400 per year, an advance of over 100 per cent., whereas the average buying power of a city man still remains approximately at \$900 per year.

Even the people of the United States are expressing surprise that Canadians do not curtail their buying in that country. In this connection, the National City Bank of New York, in an analysis of United States trade for the eight months ended February 29, says: "One of the most surprising of the surprises is in the figures of the exports to Canada, which has been reported as struggling to keep down her imports from the United States, since the official figures of our exports to Canada in the single month of February, 1920, were \$63,310,000, against \$42,621,000 in February, 1919, and \$53,854,000 in February, 1917."

A new customs tariff was introduced into the Parliament of Australia on March 30. Generally, the duties have been increased substantially, especially on metals and machinery, wearing apparel, and paper, except newsprint. In the case of 367 import items a preference of 10 per cent. in favor of British imports is established; on 136 other items the British preference is 15 per cent; and on 32 items, 20 per cent. The new tariff bill includes reciprocity provisions. Present Australian embargoes will remain in force until May 13. This information is contained in a cablegram received by the Department of Commerce at Washington from its Trade Commissioner at Melbourne, Australia. No other details are yet available.

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 60.

TORONTO, CANADA

April 20, 1920.

FOR RELEASE

upon receipt

War revelations of the dangers of national economic dependence have stimulated home market development all over the world. Hardly a day passes without some report of Government assistance to industry or agriculture. The Japanese Government is endeavoring to decrease the dependence of that country upon foreign sources for sugar. To this end, it has offered rewards to the farmers of Manchuria for large crops of sugar-beets in lieu of the customary products. It is also endeavoring to develop a breed of sheep suitable to the climate of the country and in this way to encourage not only the domestic supply of wool and mutton, but to stimulate the development of the leather-tanning industry.

A syndicate of textile manufacturers of Czecho-Slovakia, co-operating with its Government, has arranged with a company in the United States for delivery of 300,000 bales of cotton for a period of eighteen months. An expenditure of \$50,000,000 is involved.

The United States Commissioner at Melbourne, Australia, reports that the reason that jams and jellies can be more cheaply manufactured in Australia than on this continent is not as erroneously rumored because of a secret process, but because the Australian Government is furnishing sugar to the manufacturers below cost.

The Danish Government has prohibited the importation of sugar and certain articles containing sugar, except under license.

The Australian Government has declined to support the agrarian demand for a continuance of the compulsory wheat pool. At a conference of wheat growers, held in Melbourne in February under the auspices of the Victorian Farmers' Union, a resolution was unanimously adopted favoring continuance of the compulsory pooling arrangement. The Prime Minister of Australia, discussing the resolution, said that while the Government was ready to furnish financial aid to a voluntary wheat pool, it would not do anything to assist the compulsion of farmers who did not wish to join the pool, even if their number was small. Since the meeting a considerable number of farmers who were not represented at the conference have declared themselves against a compulsory pool, and the United States Trade Commissioner in Melbourne reports that the idea is now likely to be abandoned.

The Guaranty Trust Company of New York, in a review of the foreign trade of British India, refers to the "industrialization" of that country. The writer points out several instances of "a measurable substitution of worked-up products" for raw materials in the export trade of India. He adds: "It seems clear that the standard of living in India has slowly but surely been rising - even though the rise may seem to be of almost infinitesimal character. This will make for better markets for foreign goods. At the same time only increased productivity can bring about a permanent rise in the standard of living, and this can come only through industrial progress."

The Danish Exchange Board has recommended to the Government of Denmark that legislation be enacted at once giving the Board power to control all imports. If such power be granted, the Exchange Board will be in a position not only to stop all imports of luxuries but also to restrict the importation of necessities. The United States Commissioner at Copenhagen has reported that permission to import will likely be given only in cases where raw materials are purchased that are absolutely necessary to maintain Danish industries. He adds that even imports of raw materials will be reduced to the smallest possible amount.

The United States Trade Commissioner at Melbourne, Australia, in a report to the Department of Commerce at Washington, says: "There is a movement on foot to boost goods manufactured in Australia, especially canned fruits...." The Commissioner further states that in the four months of the new fiscal year, importations into Australia of textiles and wearing apparel were less than half of those of the same months of 1918, while importations of machinery nearly doubled. This development he considers to be "an indication of the rapid growth of the movement to make Australia self-sufficient in the matter of clothing."

Speaking at a luncheon in London, England, given by the British Association of Trade and Technical Journals, Sir Auckland Geddes, formerly President of the British Board of Trade and now Ambassador to the United States, said in part: "'Cheap Plenty' cannot be enjoyed again until the whole world is restocked with goods....The Government's interest is to get prices down, and it can be relied on to play its part; but all men and women in this country have a part to play also - to cut down the consumption of goods to the lowest possible level, to avoid all extravagance, and to work their hardest at their job, so that the output of our factories and the efficiency of our commercial, financial, and general trading organizations may be brought to the highest level of efficiency of which we are capable."

Development of the British drug industry, brought about by the war, has rendered Great Britain largely independent of foreign sources of supply.

Recent despatches from Great Britain announce that steps have been taken for the formation of the most powerful banking organization in the history of peace-time finance, to aid in restoring the industrial life of Central Europe. Leaders of British finance are said to have prepared a practical and scientific scheme, involving a semi-barter principle, by which raw materials will be allowed to flow into Central Europe, there to be manufactured for export to the world's markets.

Writing in the *Macleod's* number of "The New Democracy," Mr. H. J. Halford, Vice-President of the Trades and Labor Congress of Canada, says: "The recent decline in the value of the Canadian dollar has brought home to most of us the urgent need for patronizing home industry, of developing our own resources, and finally of developing our own manufacturing processes to a point where Canada will be in future to a larger extent, self-supporting than she has been in the past." Provided that they are not used as a pretext for unduly increasing the cost of Canadian goods, Mr. Halford continues: "No patriotic citizen of this Dominion can find fault with the various campaigns which are being conducted for the purpose of inducing the rank and file of the Canadian people to purchase the products of Canadian mills. Similar campaigns have been conducted in other countries with notable success."

Opposing direct action, Mr. J. C. Watters, who was a fraternal delegate to the British Trades Union Congress from the Quebec Convention in 1918, and delegate to the Paris Labor Conference, speaking at a labor mass meeting in Halifax recently, said: "There are two means of settling industrial disputes. The first of these is by ballot, and the second by direct action. The latter aims at paralyzing the nation itself, but at the last analysis it means civil war."

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

TORONTO, CANADA

No. 61.

April 22, 1920.

FOR RELEASE

upon receipt

The Canadian Reconstruction Association has just completed a survey of the boot and shoe manufacturing industry in Canada. Among the findings of its investigation are the following:-

1. From an industry represented in 1667 by twenty shoemakers operating on the handicraft principle, without machinery, boot and shoe manufacturing has developed until to-day there are in Canada about 160 factories, representing an investment of close to \$35,000,000, giving employment to more than 14,000 persons, paying more than \$10,000,000 annually in wages, and buying materials to the value of more than \$27,000,000 annually, much of which is produced by other Canadian industries employing Canadian labor.

2. The net factory selling value of leather boots and shoes produced in Canada annually is now about \$50,000,000.

3. Canadian boot and shoe manufacturers make approximately 95 per cent of all the boots and shoes worn in Canada and in addition have developed an export trade which last year exceeded the value of imports.

4. The production of the average shoe factory in the United States is double that of the average shoe factory in Canada, and one company in the United States manufactures as many leather boots and shoes as all the Canadian plants combined.

5. Boot and shoe factories in the United States could manufacture in about 17 days as many boots and shoes as all the Canadian factories make in a year, and in 18 or 19 days they could make all the leather footwear requirements of the Canadian population.

6. The advance in the prices of boots and shoes in Canada has not been as great as the increase in the general level of prices. Indeed, it has been less on a percentage basis than the advance in the cost of materials entering into the production of such footwear.

7. Three square feet of leather are needed for the manufacture of a single pair of women's boots. Fine glazed kid now costs the Canadian manufacturer between \$1.75 and \$2.00 per foot, as compared with 26 cents per foot in 1914. The leather alone for the uppers of a pair of fine women's shoes now costs between \$5.25 and \$6.00. Besides, all other materials used, including sole leather, welting, linings, etc., now cost the manufacturer from two to six times what they cost in 1914.

8. With one exception, there have been no importation combinations in the Canadian boot and shoe industry, and the keenest kind of competition prevails.

9. There is not a single millionaire in the shoe manufacturing industry in Canada.

10. Profits on turnover run from almost zero to a maximum of about 10 per cent. Few concerns have been making more than 5 per cent on their turnover. Where larger profits have been made during the war they have resulted from increased business rather than from a higher percentage of profit on each unit of output. With possibly one exception, no Canadian boot and shoe manufacturer made a net profit of more than 16 cents per pair on army boots, and the average did not exceed 10 cents per pair. Many of the manufacturers actually lost money. In 1914, average net profits in the industry were not more than 2.65 per cent on turnover, or 2.91 per cent on capital invested. The average pro-

fit on turnover for 1918, as shown by careful analysis of the earnings of a number of representative firms, was only 5.37 per cent on turnover and less than 7-1/2 per cent on capital invested.

11. So keen has been the competition in boot and shoe manufacturing in Canada that a carefully prepared list contains the names of considerably more than 100 firms which have closed their doors during the past thirty years by reason of financial difficulties. The records of a single Canadian sole leather factory show 58 insolvent Canadian boot and shoe manufacturing establishments in which the leather company has been interested as a creditor.

12. With a few exceptions, a manufacturer's net profit on a pair of boots selling wholesale at \$10 and retailing at perhaps \$15, is less than 55 cents. On lower priced footwear, the profit is proportionately less, and one factory making staple lines averaged a profit in 1918 of less than 9 cents per pair on a turnover of 50,000 pairs.

The splendid service of the C.P.R. in re-establishing soldiers in civil life is the subject of a special article in the April number of The Veteran, which says:-

"The re-employment of returned soldiers has been carried out by the C.P.R. so whole heartedly that according to the official records up to the end of February, actually more returned soldiers have been given employment than left the Company for service overseas. The exact figures are as follows:-

Total reported as joining the Army.....	10,955
Dead.....	1,069
Wounded.....	2,054
Re-employed in the service.....	6,687
Other soldiers given employment.....	9,224
Total soldiers given employment to date.....	15,911

"In finding employment for returned soldiers, the C.P.R. has found by experience that in most cases it is advisable to reinstate them in the same department as that in which they worked previous to enlistment."

American farmers are becoming restless over the actions of extreme labor elements in the United States. At its last meeting in Chicago, the American Farm Bureau Federation passed the following resolution:-

"We desire to point out that a large factor to the high cost of living is the curtailing of production through shorter hours, lessened efficiency of labor, and strikes.

The Breeders' Gazette of Chicago, also says editorially: "Due to labor strikes, thousands of carloads of stock ready for the market are being held at an enormous aggregate expense. Feeders cannot ship them until the existing embargoes are removed. Radicals are trying to use organized labor as a weapon with which, first, to wreck established businesses, and then the Government itself. Industrial workers are loafing and demanding higher wages while, as a direct result, stock-farmers are losing millions of dollars. Stock fattened on expensive feeds cannot be marketed because groups of laborers in cities refuse to work. A comparatively small number of men has achieved the power, through organization, of paralyzing one of the most vital productive industries of the country. Stockmen on whom this misled power is inflicting a huge loss are organizing, in self-defence, to fight the devil with fire. If organized labor follows the despotic leadership of its radicals, now in the saddle, it will ally against itself every farmer in America. If labor welcomes that result, it is hopelessly lost. Farmers everywhere are beginning to say that men who refuse to work shall not eat. It would be a tragedy if organized labor permitted its revolutionary masters to continue leading it toward breadlines. Its real friends should solemnly warn their adherents that farmers, with the moral support of public opinion, are prepared to stand pat while insane radicalism is rationalized by hunger."

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 62.

TORONTO, CANADA

May 4, 1920.

FOR RELEASE upon receipt

A detailed analysis of the new Australian tariff fully bears out the cable report from the Canadian Trade Commissioner at Melbourne, that the revised tariff was "strongly protective" with "marked increases" in the duties on a number of products. The Australian rates on imports run up to 55 per cent., whereas the highest rate in the Canadian tariff, even with war tax included, is 42½ per cent. Nor are the maximum rates in the Australian tariff limited to articles of luxury. On wearing apparel the general tariff is 55 per cent., and the British preferential tariff 40 per cent. On boots the import duty is about 50 per cent.; on chinaware, earthenware and glassware, 40 per cent.; and on pianos, 45 per cent. In the case of many products the Australian rates are in the form of specific duties which represent a high ad valorem rate and mean increased protection to domestic industries in time of falling prices.

Urging scientific development and utilization of Federal and provincial resources, the Canadian Labor Press, which is the official organ of the Allied Trades and Labor Council at Ottawa, and has the endorsement of the Hamilton District Trades and Labor Council, the Hamilton Building Trades and Labor Council, and the Kitchener Twin City Trades and Labor Council, says in a special article:-

"Association between science and industry gave Germany a strong position in the commercial world before the war. Association between science and industry will help to make Canada economically independent, create new wealth to meet war obligations, and so foster industrial development that new avenues of employment will be provided, and Canadian labor will be assured of steady work at good wages. In their own and in the national interest, Canadian trade unions could well memorialize Governments throughout the Dominion to devote special attention to the scientific development and utilization of Federal and provincial resources. The certainty of new wealth which such investigations would reveal, and the resultant establishment of primary processes of manufacture in Canada, would attract capital, stimulate industrial progress, and improve the labor market.

"There is no question that adequate provision of facilities for scientific research should be one of the dominant considerations of Governments, of agricultural organizations, and of industrial workers in Canada to-day. There should be joint action to determine and develop the fish, forest, and mineral resources of the country, and generous appropriations for the encouragement of agriculture and improvements of farm methods.

"The net Federal debt is now nearly \$1,900,000,000. In five years the per capita debt charge upon every man, woman and child in the Dominion has risen from \$43.49 to nearly \$210. Science can be made to pay the bill. There is wealth in the mines of Northern Ontario, in the asbestos areas of Quebec, in the fisheries of the Maritime Provinces and the Pacific Coast. But the value of all combined gives only a suggestion of the total natural wealth of Canada if its resources could be scientifically determined and utilized."

The rapid increase in the value of imports from Europe emphasizes the necessity, in order to maintain industrial stability in this country and to guard against further exchange difficulties, of keeping all imports to the lowest possible amount. The way in which European imports into Canada are increasing is indicated by the following comparative figures:-

Imports from:	January, 1919.	January, 1920.
United Kingdom	\$6,709,200	\$16,415,503
France	287,500	1,485,680
Germany	9	13,114
Norway	262	82,764
Sweden	12,614	87,629
Switzerland	102,939	1,636,203
Turkey	nil	23,375

The rising tide of imports into the United States already is causing serious concern in that country. For the nine months ended with March, 1920, imports into the Republic totalled \$3,719,000,000, or approximately one and a half billion dollars more than for the corresponding period of the previous year.

The necessity for work as the only means by which the world economic situation can be relieved, is characteristically expressed by Kipling in the following stanza from his latest verse:-

"In the Carboniferous Epoch we were promised abundance
for all,
By robbing selected Peter to pay for collective Paul;
And, though we had plenty of money, there was nothing
our money would buy.
And the Gods of the Copybook Maxims said:- 'If you
don't work you die.'"

Factory councils have been abolished in Soviet Russia and the decree by which they were eliminated gives the following explanation:-

"The chief cause of this catastrophic state of affairs is the complete lack of discipline and good order. The factory councils and committees, the function of which was to maintain order, have done only harm. They have destroyed the last remnant of discipline, and have wasted or stolen the plant and materials belonging to the mills. As a result of these abuses, we are now compelled to abolish altogether the factory councils, and to place at the head of every industrial concern of importance a dictator who will have absolute power of life and death over all manual employees."

Wages in Japan are far below those in this country. The United States Consul at Nagoya, in a report to the Department of Commerce at Washington, states that wages of clock adjusters in his district run from \$1.25 to \$1.40 per day. Woodworkers, joiners and finishers on piecework are paid from \$1.58 to \$1.65 per day, while machine-workers get from \$1.33 to \$1.50, and glass painters from \$1.38 to \$1.50 daily. These wages, it should be noted, are paid for skilled workers.

In an effort to restrict imports and overcome the discount on Italian exchange, the Government of Italy has prohibited the importation of foreign butter, cheese, condensed milk and other foodstuffs for the remainder of the year.

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 63.

TORONTO, CANADA

May 11, 1920.

FOR RELEASE upon receipt

Four outstanding features commend the proposals of the great British Empire Steel Corporation to Canadians:-

1. They give to Canada that combination of capital, experience, and natural resources which is imperative if the Dominion is to experience a maximum of industrial development in competition with a commercial world characterized as never before by the association of Governments and corporate interests in great business enterprises.

2. They provide for the scientific and economic development of the wonderful iron and coal deposits of our Atlantic seaboard, making new wealth for the Dominion and giving employment to new industrial populations. They further ensure the introduction of a new epoch in the shipping and shipbuilding history of the country.

3. They do not sanction any watered stock. Indeed, it is stated that capitalization is on a basis of practically only 50 per cent. of valuation, thus establishing a consolidation on more conservative lines than ever known before in the industrial and financial world, and substantially increasing the prestige and credit of Canadian industrial institutions.

4. They mark what may well be a new epoch in industrial history in which the enormous resources of the British Empire will be developed within the Empire by the capital and brains of its sons, adding to the "silken thread of sentiment," a commercial fabric giving strength to the whole and ensuring retention of commercial supremacy against the organized competition of other nations.

Hon. Joshua W. Alexander, Secretary of the United States Department of Commerce, in a recent address said: "For the present year an appropriation of \$300,000 was provided for industrial research in co-operation with the industries. No fund ever appropriated for the Bureau (i.e. the Bureau of Standards at Washington) has resulted in greater benefit to the public..... The work of the Government in developing the agricultural interests of the country is too well known for comment, and there is every reason why the same or similar assistance should be given to the development of commerce and industry."

He also made the statement that "we have long since passed the stage in economic development in which our exports, if there are to be any, consist of those raw materials and products of the mine and soil that sell themselves because other nations must have them in order to feed their industrial workers and to give them the raw materials for their labor. The time has come in the economic development of the United States when we ourselves must manufacture our raw materials and bring raw materials from abroad in order to keep the wheels of our industries turning and the dinner pails of our working people full. There is some question about the advisability of the exportation of raw materials unless we can produce a surplus. But the two or three great manufacturing nations of the world have demonstrated for two generations that the exports of the products of industry bring prosperity to the enterprise and to the labor engaged in industry, banking and shipping."

Japan, apparently, is the first important country to suffer serious reaction after war prosperity. The experience of that country should be a lesson to the Canadian people, emphasizing as it does the importance of maintaining industrial stability and of keeping imports to the minimum of absolutely necessary commodities unobtainable at home.

During 1918, exports from Japan exceeded imports by \$147,000,000. During 1919, this situation was reversed, and imports exceeded exports by \$37,000,000. During the first three months of 1920, imports exceeded exports by \$130,000,000, or practically 50 per cent. The Far Eastern Division of the United States Bureau of Foreign and Domestic Commerce, reviewing the situation in Japan, says: "Problems of unemployment are beginning to face the country on account of curtailment of industry, many factories already having closed."

The Greek Government will prohibit for one year importation of automobiles, linen and woolen fabrics, pianos and piano players, chinaware, rifles, automatic pistols, and revolvers. The purpose of the prohibition is to ameliorate Greek exchange by effecting a reduction of about 50,000,000 drachmas in imports.

The Mexican Ministry of Industry, Commerce, and Labor has established an industrial experimental laboratory in connection with its commercial museum. The new laboratory is complete in every detail and is intended to offer opportunity for instruction in modern processes of manufacture to persons with small capital who are desirous of turning Mexican raw materials into manufactured products. In connection with the laboratory there are fully-equipped machine shops, carpenter shops and tin shops, with a corps of instructors for each different department, and regular courses in the various industries likely to be profitable in Mexico are to be offered to students and other interested persons.

Mr. R. C. Leffingwell, Assistant Secretary of the United States Treasury, in an address before the Academy of Political Science in New York, said: "Experience has shown, what the Treasury always asserted, that the excess profits tax discourages initiative and enterprise, rewards overcapitalization and discourages conservatism in capitalization, confirms great corporations in their monopolies, encourages extravagance and wasteful management, and adds to the cost of living.....Capital taxes, including retroactive war profits taxes, and excessive surtaxes, excess profits taxes and sales taxes - all these must be shifted sooner or later - after much economic disorder in some cases - if possible to the consumer. Because the whole income of the poor man is spent on things he consumes, and the greater part of the income of the man of modest means but a negligible part of the income of the rich, taxes of this sort are unjust and unnecessarily burdensome."

Mr. W. M. Wood, President of the American Woolen Company, has just made the following statement: "The high price of clothing is due in no substantial degree to any profit which we, as manufacturers, have made on our cloth. The profit of this company on the cloth that goes into an average suit of clothes selling at retail from \$60 to \$65 does not exceed \$1.50 a suit."

The following resolution was adopted at the recent convention of the United States Chamber of Commerce: "It is essential that our Government should scrupulously refrain from entering any of the fields of transportation, communication, industry and commerce, or any phase of business enterprise. Any tendency of Government to enter such field should be carefully weighed in light of its possible effect upon the very genius of our institutions."

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 64.

TORONTO, CANADA

May 18, 1920.

FOR RELEASE

upon receipt

Mr. Arthur V. White, consulting engineer of the Commission of Conservation of Canada, arguing that "there is no menace to Canada's economic and general welfare at all comparable to the fact that she is so largely dependent upon a foreign country for her fuel needs," urges Canadian development of its own coal resources. In respect of quantity, quality, and accessibility for mining purposes, the Dominion, he declares, "possesses coal deposits which compare favorably with those of the greatest coal mining countries of the world. She has nearly 1,000,000,000 tons of semi-anthracite coal, 315,000,000 tons of bituminous coal, and 10,000,000,000 tons of sub-bituminous coal and lignite.... Canada's only sane policy is to develop as rapidly as possible, both her own fuel and power resources, and to provide for the distribution and storage of fuel in all communities of the Dominion."

Mr. White's statements admit of no argument. The Prairie Provinces alone are paying nearly \$19,000,000 annually to United States interests for imported coal, as follows:-

	Amount imported annually	Present average cost at mine	U.S. Freight	Payment to U.S. Interests
Anthracite	533,000 tons	\$6.17	\$2.35	\$ 4,541,160
Bituminous	2,376,000 "	3.45	1.85	<u>12,592,800</u>
				\$17,133,960
Add exchange at, say, 10%				<u>1,713,396</u>
				\$18,847,356

In addition to the difficulty of obtaining the quantities required, the transportation situation is exceedingly difficult. All Upper Lake ports (United States ports as well as Fort William and Port Arthur) are absolutely without any hold-over, and their requirements for the coming year are placed at 33,000,000 tons. It is said to be quite impossible to transport more than 20,000,000 tons to supply such a demand.

The above figures take no account of the transportation cost from Fort William to Winnipeg (about \$2.40 per ton), or other destinations, or of a duty of 53 cents per ton on imported bituminous coal.

As there is imperative need for the development of Canada's natural resources, so the investment of British and foreign capital should be encouraged. Granted the proper financial methods and given adequate public security against corporate interests, Canada has nothing to fear and everything to gain from activities of powerful corporations possessing adequate financial resources to develop the country's raw materials and conduct processes of manufacture in Canada.

The five hundred million dollar British Empire Steel Corporation, with its tremendous financial resources, will not only expedite development of the great iron ore and coal deposits on the Atlantic seaboard, but will give a new impetus to the shipping and shipbuilding industry in the Dominion. As Hon. Frederic Nicholls stated recently in the Senate, there has been a great deal of criticism

of this corporation because the figures seem large, "but I have not heard any criticism of the United States Steel Corporation, which is investing almost as much at Ojibway, on the Detroit River. That is an American corporation. They have been welcomed with open arms and have been given a great many advantages and concessions, and every dollar that they make in the employment of a capital of from \$100,000,000 to \$200,000,000 will go across in dividends to the United States. It can at least be said that that the money earned by the British Empire Corporation will remain within the Empire."

Many experiments to increase output are being conducted in British industries. One of the most successful, at a Lancashire factory identified with the manufacture of large motor lorries, has resulted in an increased production of from 10 vehicles in a 57-hour week to 100 vehicles in a week of 45 hours. The London Times' Trade Supplement of April 24, which devotes two columns to the "experiment", says that the most conspicuous feature of the establishment is the organization of labor. Despite difficulties owing to diversity of trades and the multiplicity of unions involved, a full council of forty stewards and foremen elected by the men has been created, and in its turn has elected an active executive committee of seven. This committee is the link between the management and labor. But even this committee was found to be somewhat too cumbersome, and accordingly "a daring innovation was introduced at the suggestion of the management." This was the appointment of one of the shop stewards, upon a full time basis, acting as the primary intermediary between the management and labor. The management further undertook to relieve the men of the financial burden incidental to his appointment. The correspondent of the Trade Supplement says: "When the proposal was first mooted, the workers demurred against the salary of the whole time shop steward being defrayed by the company. It was argued that the shop steward, being a servant of the company, would tend to lean towards the management's side in the settlement of disputes, but saner councils prevailed and it was decided to submit the scheme to a six-months' trial....The scheme has proved successful so far as it has been conducted."

The United States Consul General at Melbourne, Australia, has reported to the Department of Commerce, at Washington, as follows: "Manufacturing has gone ahead rapidly, and numerous new industries are being started. The importation of a long list of articles has been prohibited without special license, in order that these new industries may be protected pending the formation of the new tariff rate. Everything possible is being done to encourage manufacturing. Important action has been taken by the Federal Government to prevent trade with Germany, notwithstanding the ratification of the peace treaty. The provisions of the Trading with the Enemy Act have automatically ceased to operate, but the Commonwealth authorities have taken advantage of the Customs Act to erect an effective barrier against German goods. a proclamation to this effect is to be issued declaring German goods prohibited exports."

A cable from Tokio to the United States Department of Commerce, at Washington, shows the unhappy industrial situation which has developed in that country as a result of extravagant buying of imported commodities, curtailment of export trade, and speculation. The cable says:-

"Employees of the match factories have accepted a wage cut rather than consent to being laid off, and there are 5,000 textile workers idle. Other industries will probably be affected in the same way, and a general wage reduction is looked forward to. As a result, domestic consumption will be curtailed, and with the steady decrease in exports indicating the falling demand from abroad for Japanese products, very much lower prices are to be expected. Wholesale cancellations of high-priced orders are feared by Tokio merchants."

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

No. 65.

TORONTO, CANADA

May 26, 1920.

FOR RELEASE

upon receipt

Urging the appointment of a Tariff Board, Mr. George Pierce, writing in The Canadian Railroader Weekly, of May 15, warmly endorses the Government's decision to establish a Bureau of Scientific Research and continues:-

"To begin the development of the wonderful natural resources of the richest dominion on earth, is worthy of the mettle of real men. It is, however, perfectly logical that similar methods should be applied to handle the products when they have been discovered, developed or reclaimed. In the intricate processes which are necessary before the raw products can be delivered to the final consumer, the question of properly protecting the new-born industries is of paramount importance. If a free trade policy were adopted, how would these infant industries be made to prosper, and does it not appear to be logical that if so much research and science is needed to discover and develop our natural resources, that the same scientific methods should be applied in formulating the tariffs that will determine the future destiny of embryonic industries. The establishment of a permanent scientific Tariff Board to fix the tariff regulations along scientifically economic lines is the logical twin-brother of the research department. One is the natural outgrowth of the other. One cannot succeed without the other. It is undeniable that if reasons exist to institute the one, then the same reasons demand the establishment of the other. The Americans have already carried this idea into execution. If we hope to compete with them, then we must keep pace with them when we find their experimental experiences have met with success.....

"We respectfully request from this Government, and the request is earnestly backed by many hundreds of resolutions from the trade unions, by the combined sentiments of hundreds of thousands of workmen and some eight thousand manufacturers in Canada, that a permanent advisory Tariff Board be established, not for the purpose of taking the tariff out of politics, but for the distinct object of insuring stability by taking politics out of the tariff. We respectfully await the action of the Government in regard to this matter. If a Tariff Board is denied to us, we shall certainly demand an explanation. Hundreds of thousands will demand it from the four corners of this Dominion."

By a royal order of February 14, 1920, the duties on coal-tar dyes imported into Spain have been fixed for a period of 10 years at greatly increased rates. These rates are levied in accord with the law of March 2, 1917, which relates to the protection of new and undeveloped industries. The regulations (Dec. 20, 1917) under this law provide for the protection of the following groups of industries: New industries, started since January 1, 1914; industries in Spain whose production cannot satisfy the normal demand of national consumption; industries which, by gaining a superproduction, make it necessary to export the part of their products which the home market cannot consume; and industries

producing elements that cannot be used directly in the national defence. Among the industries included in the above groups are: Exploitation of mineral oils and their products, asphalt, coal tar, etc., and chemical industries, especially the production of drugs, medicaments, and dyestuffs.

There are several distinct forms of the protection provided and various methods of obtaining this protection. Article 14 of the order of December 20, 1917, makes the provision for increases in customs duties as follows: Minimum invariable customs duty during 10 years, within the limits of the law in force at the time for the manufactured product; but this can be protected by a higher duty if it was not produced in Spain before January 1, 1914. The advantages conceded by foreigners to their products, such as dumping, bounties on exportation, etc., will be taken into account when these duties are imposed.

The United States Commercial Attaché at Tokio reports that the new Government tariff reform bill recently introduced into the Japanese Diet proposes various changes in the customs tariff, largely to provide against the possibility of "dumping" on the part of foreign nations and especially to protect the Japanese industries which were developed during the war, including dyestuffs manufacture.

Writing in The Canadian Railroader Weekly of May 15, under the heading, "Curbing Direct Actionists," Mr. Kennedy Crone, its Associate Editor, says: "France has its hands full with the direct actionists there, who have been calling a series of strikes for purely political purposes, and the Government has at last been harassed into the state where the challenge of the extremists must be taken up if the country is not to come near to chaos. It has been announced that the Government will dissolve the Confédération Générale du Travail, which might be described as the French Federation of Labor, arguing that it is a menace to the state and is not representative of the real demands of the workers, the latter claim being borne out by the weakness of the numerous strikes called, although these strikes are serious enough in their effect on the community at large.

"The leading strings of the French Federation of Labor have evidently come completely under the control of the extremists, who talk quite frankly of revolution and soviets, but, after all, leading strings are not of great value if the masses to be led are not enamored of the ideas of those who pull the strings.

"Even if the most unlikely circumstances of revolutionaries gaining inside control of the American Federation of Labor were to come to pass, and they are doing their best to bring it to pass, they would not have swung the five million workers of the A. F. of L. behind them. Extremists might embroil the A. F. of L., cause a good deal of trouble, and put shackles on legitimate trade unionism, but they would have to answer to the five millions. Precisely the same thing would happen here as has happened in France. Direct action - forcing by economic pressure on the majority what only a minority wants, and which the majority believes would spell anarchy - is not only an illegitimate weapon, but, in the end, a useless weapon. When national reforms are needed, the only way to get them is by an orderly process of education. The overnight millenium is a dream, and a dangerous one."

FOR RELEASE upon receipt

Hon. T. A. Crerar, Mr. F. F. Pardee, and others who would deny to Canadian factory workers and Canadian manufacturers reasonable tariff protection to offset lower wages paid in other countries and compensate for handicaps on manufacturing which are inevitable in a new and inadequately developed country, are fond of invoking the Census of Industry in support of their arguments. On the basis of such Census of Industry, compiled and issued by the Dominion Bureau of Statistics, these men endeavor to prove that the profits in Canadian industries have been grossly excessive. Their procedure is to take the gross value of the manufactured product, deduct the cost of materials, wages and salaries, and certain other items of expense, and proclaim the balance as the manufacturer's net profit. That such argument is quite fallacious, is shown by the following statement by Mr. R. H. Coats, Dominion Statistician, under whose direction the Census of Industry is prepared:-

"The question as to how to obtain a statement of net manufacturing profits is one that cannot finally be answered from our Census of Industry any more than a statement of farming profits can be answered from our Census of Agriculture. We could, of course, insert a question asking every firm what its net profits were during the year covered. We avoid this, however, because our inquiry is made with broad economic purposes in mind, and not for regulative action, which, as above stated, can be based only on intensive investigation into the whole range of business management."

The Census of Industry does not specifically include, and has never specifically included, the items of depreciation, loss on account of bad debts, interest and discount, or travellers' commission. There is a space for "Other Sundry Expenses," but there has been no uniformity on the part of manufacturers in making returns under this heading, and the chief statistical officer of the Dominion Bureau of Statistics, who, under Mr. Coats, has had charge of the census work for many years, is authority for the statement that the Bureau has not expected manufacturers to include such items under the "All Other Sundry Expenses" heading, or, indeed, to report them in any form under the heading "Miscellaneous Expenses." Some manufacturers have reported these items of expense, but many have not, and the lack of uniformity makes it utterly impossible to give any reliable estimate of net profits on the basis of the Census of Industry figures alone. A recent survey of the boot and shoe industry by the Canadian Reconstruction Association, showed that items of expenses, other than cost of materials and salaries and wages, represented 15.12 per cent. of net sales in 1918, whereas the partial list of expense items shown by the Census of Industry accounted for only between 6 and 7 per cent. Surely it is time that criticism of legitimate Canadian industries by Canadian public men should be in accordance with all the facts.

During the budget debate, Mr. F. F. Pardee, M.P., contended that the so-called "luxury tax" of 10 per cent. should be paid by the Canadian manufacturer and not passed on to the Canadian consumer. Mr. Pardee asked the question: "Why should not the common man be saved that additional tax?" The answer is this: To pay such tax would not only take all the profits of the average Canadian manu-

facturer, but would also involve him in a heavy deficit and force him to close his doors. Careful investigation will show that average net profits to Canadian manufacturers do not average anything like 10 per cent. on turnover. It is a fact, for which there is an abundance of official and other evidence, that Canadian manufacturers have been operating at a small margin of net profit even during the war.

A careful survey of the Ontario furniture manufacturing industry by Messrs Clarkson, Gordon and Dilworth, showed that in 1917 profits averaged only $2\frac{3}{5}$ per cent. on the capital employed, and only $3\frac{1}{110}$ per cent. on total sales. Again, an analysis of the boot and shoe industry for all Canada showed an average profit for 1918, for a large number of representative firms, of only 5.29 per cent. on turnover, and 7.37 per cent. on capital. In 1915 the same companies averaged less than 1 per cent. on turnover. In view of such figures as these, how could Canadian manufacturers absorb a 10 per cent. levy on their sales?

Since February 7, 1918, close to 22,000 farm tractors, valued for customs purposes at approximately \$22,000,000, have been imported into Canada from the United States without payment of duty. If the normal customs duty and the war tax has been collected and if importations had been on the same scale, the Federal Treasury would have collected more than \$6,000,000. As it was, the farmers escaped any contribution to the Federal revenues on these purchases, despite the fact that the wheat crop was guaranteed by the Government and Government machinery employed for its sale, while the farmers received war-time prices for all their products. By remission of duties on farm tractors, additional taxation burdens were placed upon people in the cities and even upon those farmers who were not sufficiently well-to-do to buy tractors. If, instead of being imported, the tractors had been made in Canada, employment would have been provided for 10,000 men, and at least \$10,000,000 would have been distributed in wages. Instead, more than \$22,000,000, plus exchange, went to the United States, there to build up United States industries and to provide employment for foreign workers. Moreover, the purchase abroad of tractors and other goods which could be made in Canada creates exchange against this country and increases the cost to every citizen of such essential imported commodities as coal, cotton, sugar, and oil.

No less than nine reputable Canadian manufacturing companies either were already producing tractors or were preparing to do so when the Order-in-Council was passed putting this equipment on the free list without giving Canadian manufacturers an opportunity to supply such machines. Development of the tractor industry in Canada would have stimulated the development of other allied industries and provided additional employment, besides broadening the basis of taxation. Under a constructive policy of encouragement to Canadian industry, prices of Canadian farm tractors would have been little, if any, higher than the prices of comparable tractors when sold for home consumption in the United States. In cases where prices of Canadian-made goods are higher in Canada than the prices of corresponding products in the United States, the higher Canadian prices are due, in very large measure, to revenue-producing duties which must be paid on fuel, materials, machinery, equipment, and plant of a kind not obtainable in the Dominion.

It should be noted that more than 90 per cent. of the Canadian demand is being supplied with tractors made in the United States by foreign labor. Last year less than 1,000 tractors were made in Canada, owing to the removal of the duties, while numerous plants in the United States were making tractors by the thousands.

There is no good reason why equally efficient equipment cannot be made in Canada if reasonable protection be provided, and the fact that nine or more Canadian companies are ready to start the manufacture, under a moderate tariff, is ample proof of domestic competition that would protect the Canadian purchaser against excessive profit-taking.

CANADIAN RECONSTRUCTION ASSOCIATION

PRESS SERVICE

Kerato

No. 68

TORONTO, CANADA

June 15, 1920.

FOR RELEASE upon receipt

Ever since its organization, the Canadian Reconstruction Association has been asking how the revenue now obtained from the customs duties would be secured if those duties were abandoned. It has shown that the adoption by Canada of income taxation on the same scale as New Zealand would not relieve Canada from the necessity of customs taxation, but would involve the imposition of a direct land tax at least one hundred times as great as that now collected by the Federal Government on income derived from the use or produce of land and very substantial increases by the Federal Government in the present scale of direct taxation. It has argued that incomes and profits cannot be taxed higher in Canada than in the United States. Now, even the Winnipeg Free Press, one of the most influential newspapers in Canada which has been advocating the fiscal platform of the United Farmers rather than that of the Liberal party, criticizing the critics of the Drayton budget, also asks "Where's the Money Coming From?" It points out that even with rigid economy, Canada needs an annual revenue in the neighborhood of \$400,000,000 to meet its commitments and says editorially in its issue of June 2:-

"The critics of the Drayton plan are under an obligation to show how, by better means, they would raise this vast sum of money. There has been no general inclination on the part of speakers to the left of the Speaker to accept and discharge this task. They have assailed and criticized the Drayton proposals which, like all schemes of taxation, contain anomalies and inconsistencies; but there have been few attempts to suggest constructive alternatives. Suggestions of this character have been largely limited to rather general observations that some of the taxation now imposed might be replaced by a steeper income tax; and contrasts are drawn between the taxation upon English and upon Canadian incomes. The application of the full British rate of taxation to Canadian incomes would probably not be considered advisable by any Canadian finance minister, no matter from what party he might be drawn. Parallels between Canada and Great Britain are always liable to be misleading because of divergencies of conditions; and there are several reasons why the British income tax could not be successfully adapted to Canada. One is that we cannot have in Canada a rate of income tax much higher than that which prevails in the United States. The reason for this is obvious. In that case the tendency, already in evidence to a disturbing degree, for Canadians with fixed incomes to find homes south of the line would increase at a calamitous ratio. Then Canadian incomes, to a much larger extent than is the case with British incomes, are earned; they are the result of planning, energy, constructive work. If the state takes everything beyond the line of subsistence the larger incomes will not be earned, and this would have direct and injurious results on employment and upon the country's development. The income tax, for these and other reasons, is not capable of being much increased; we are here well up to the possibilities. There is, of course, scope for the stricter enforcement of the law in order that the present tax shall yield its full toll. There has been evasion upon a huge scale in the past, but the rising revenues from this source show that the tax dodgers are gradually being lassoed and brought into the corral. According to the Commissioner of Taxation, a million Canadians will pay income tax this year. Adding the receipts from the excess profits tax (which is the income tax in another form) to those from the income tax proper Canada secured from

these sources a revenue last year of some sixty-four million dollars, a far from negligible sum. A total revenue, from income tax, when the machinery for collection is perfected, of one hundred million dollars, is perhaps an outside estimate of possible collection from this source.

This leaves about three hundred million dollars to be collected from other sources if our national revenues are to be kept to the point where we can carry our war burden and pay our way. The country would, we think, be willing to consider practical detailed plans--alternative to the Drayton scheme of taxation--for raising this sum. But there has been throughout the budget debate little constructive criticism of this character."

Writing in The Canadian Railroader of June 5, Mr. George C. Pierce, its editor, urging the appointment of a scientific tariff board, says: "If this Government and the farmer movement are of the opinion that the working people of this Dominion are going to be crucified at each election by depressions in business, unemployment, accumulating debts, and heavy taxation, merely to stage a tariff sham-battle for the special benefit of ambitious politicians who are solely intent upon electing themselves to office, then we say to you, your guns will not only be spiked, but we will utterly destroy them.

"The problems facing all Canadians are insistently serious. This is not the time, and this country is not the place, to play old games of politics on the bowed and broken backs of the working population. This is a day of scientific efficiency. Its opponents are men of the old school who don't realize that a new day has dawned. The business and the working interests of this country demand a Tariff Board.....Our agriculturists may be astonished to find that a lot of good citizens in this Dominion have decided that this country shall not be the scrap-heap of the world. To be the dumping ground under a fiscal policy of free trade is not the policy of the empire builders of our day who see visions of a Canada of fifty million population."

In the period of less than a month that the new Canadian taxation measures have been in effect, almost every person in Canada has experienced inconvenience and annoyance from their operation. The new levies are intended to raise about \$100,000,000 of revenue, and if the increase in the income tax be left out of account the estimated yield will be even less. The Government has advanced the rates of the Canadian Income Tax until they are higher than those in force in the United States. The Canadian Business Profits War Tax for the current year is higher than that in any country in the world, with the possible exception of Great Britain, where rates recently have been increased. The Government had no practical alternative except excise taxation on goods used by the Canadian people.

In comparison with the vexatious internal taxation provided in the new Budget, customs duties this year, after removal of the $7\frac{1}{2}$ per cent war tax, are estimated to yield at least \$167,000,000. It has been proposed more or less seriously that other taxation be substituted for the customs tariff. The Canadian people should frankly recognize that such a course would only be possible by increasing excise taxation on food, clothing, and other commodities required by the people of this country. The customs tariff, in addition to promoting Canadian national development and helping in the building up of new taxpaying national wealth, is collected with a minimum of inconvenience. Moreover, there is abundant reason to believe that the cost of administration of the customs tariff is even less than the cost of enforcing the new excise duties, and that the total burden on the Canadian people as a result of taxation on imports will be less than that resulting from the complicated and difficult system of so-called "luxury taxes" and taxes on sales.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 70.

TORONTO, CANADA

June 29. 1920.

FOR RELEASE upon receipt

Canada's trade situation continues to be highly unsatisfactory, with imports running ahead of exports to such an extent as to constitute a serious menace to continued prosperity in the Dominion. One year ago exports of Canadian produce represented a value considerably higher than the value of the imports of merchandise for consumption in this country. The following table shows the situation:

	Exports of Canadian Produce.	Imports of Merchandise for Consumption.	Favorable Balance of Trade.	Unfavorable Balance of Trade.
1919				
April	\$ 64,489,159.	\$ 54,255,229.	\$10,233,930.	
May	92,258,687.	71,344,816.	20,913,871.	
June	87,348,952.	75,015,479.	12,333,473.	
July	113,787,099.	84,281,499.	29,505,600.	
August	116,474,792.	81,357,385.	35,117,407.	
September	104,994,406.	85,506,012.	19,488,394.	
October	109,446,814.	91,910,477.	17,536,337.	
November	119,413,661.	92,718,270.	26,695,391.	
December	133,541,805.	94,553,432.	38,988,373.	
1920				
January	117,948,674.	103,579,349.		\$14,369,325.
February	86,655,190.	87,496,856.		841,666.
March	93,132,859.	142,497,373.		49,364,514.
April	53,356,386.	98,290,635.		44,934,249.
May	77,342,578.	113,447,899.		36,105,321.

Canada's net obligations abroad, aside from the purchase of imported goods, amount to something like \$25,000,000 per month, so that the figures shown above do not represent the true state of our international account. In reality, the nominal favorable balances of trade in the table ought each to be reduced by about \$25,000,000, while the total balances against this country during January, February, March, April and May in each case were about \$25,000,000 greater than the nominal unfavorable balances indicated by the trade statistics alone.

While exports have shown a considerable decrease in value, despite the higher prices now prevailing, the alarming feature of the situation is the very rapid increase in the value of goods imported. In May, 1920, merchandise imported into this country for consumption was valued at \$113,447,899, as compared with \$71,344,816 for May, 1919. Canada at the present time is buying goods from other countries on a much more extensive scale than during the period when we had larger exports with which to pay for our purchases abroad. Absolutely, our imports from the United States have been increasing in value but they have shown a decline relative to Canada's total import buying. While it is necessary that, to the greatest possible extent, Canadian purchases in the United States should be curtailed, the influx of goods from overseas, and particularly from the United Kingdom and the Continent of Europe, should not be ignored. The principal countries of Europe have been making an exceedingly rapid recovery and now that their production is increasing, exchange is enabling them to send greater quantities of goods to this Dominion,

at a time when the Canadian people are still engaged in the extravagance promoted by war-time prosperity. It is a sound principle for Canadians to buy within the Empire when necessary goods which they require are not obtainable in this country. Nevertheless, Canada's financial situation is such that there is real need, in the national interest, that imports should be curtailed to a very large extent. This can only be accomplished by the development of Canada's industries to supply domestic needs, and by a firm resolve on the part of the Canadian people to keep Canadian money at home, except in payment for those comparatively few vitally necessary commodities which cannot economically be produced in the Dominion.

The argument that a moderate tariff encourages rural depopulation still persists. Its exponents are curiously ignorant of British experience in free trade. Speaking in the British House of Commons on the second reading of the Agricultural Bill, Sir A. Griffith-Boscawen, Parliamentary Secretary of the Board of Agriculture, recalling the acute depression which began in 1879 and tracing the effects on food production, showed that in 1870 there were in the country 3,761,000 acres under wheat, and in 1910 only 1,856,000 acres, with the result that where 60 per cent of the wheat consumed in the Islands was grown there in 1879, the percentage in 1910 had fallen as low as 20 per cent. Continuing, he pointed out that the number of agricultural laborers during the same period had fallen from 1,905,000 to 1,130,000. "In 1910 we were producing just enough food to keep the country going from Friday night to Monday morning, and from Monday morning to Friday night we were living on foreign imports. In fact we had become agricultural week-enders. We had become dangerously dependent upon foreign countries for our food supplies and we had depopulated the country districts and massed the people more and more in the big towns."

Additional evidence of the value of Canada's natural resources is furnished in an initial report on the mineral resources of the Province which has just been issued by the Alberta Government. The Province possesses deposits of the finest clays for potteries, tiles, glass, and similar purposes. Their value has often been emphasized by scientists. Two companies are already manufacturing clay products in a large way, and the establishment of ceramic industries on an extensive scale is suggested in the report.

Large deposits of salt are also reported in the Northern part of the Province. The extent of the deposits has not been estimated but it is known that they are large enough to constitute an important factor in Canada's future industrial life, for while the demand for salt for industrial purposes has been increasing greatly of recent years, the country produces less than 50 per cent of its present requirements.

The vast fields of bituminous sands in the Athabaska region are discussed and the opinion is expressed that they contain many constituents that can be utilized in industrial processes. While the sands contain vast quantities of oil, this cannot yet be utilized commercially. The bituminous sands can be used for paving and it is noted that a pavement in Edmonton that was laid four years ago has proven very satisfactory. The sands can also be used in the glass industry, imported sands now being the only ones available.

A correspondent of The Liverpool Journal of Commerce says that Mr. Bonar Law's timely reminder, in the British House of Commons, of Germany's obligations, as well as his hint that our former enemies are not so exhausted financially as certain interested parties or misguided sentimentalists would have us believe, should check a comforting feeling that Germany is no longer a factor to be reckoned with in the industrial world. Such is a British view of the situation.

As yet, Canadian industry has not experienced serious competition since the war with products of German manufacture, although trade relations have been renewed and imports may be expected to increase. Perhaps the greatest menace to

Canadian industry, however, lies in the lack of appreciation of the rapidity with which British and European production has been increased. We marvel, perhaps, at the statement that German manufacturers of confectionery are already underselling competitors in the Argentine market. We may be surprised at the announcement of the American Chamber of Commerce, in London, that the manufacture of agricultural machinery in Germany has been so developed that in addition to fully supplying the home markets, there is a surplus for export. But we are so nearsighted that we have failed to observe the very great increase of imports into Canada from Great Britain and other overseas countries. The following comparisons are well worthy of study by those who would understand the trade readjustments that are now taking place, the extent to which European industry is renewing its competition in the markets of the world, and the increasing menace to Canadian producers and to national prosperity of imports from overseas, aided by exchange, discriminatory ocean rates, and labor which is still paid substantially less than the rates prevailing in this country:

	Imports into Canada for Consumption.		Exports of Canadian Produce.	
	March 1919	March 1920	March 1919	March 1920
United Kingdom	\$ 5,891,639	\$ 25,555,386	\$ 41,908,644	\$ 23,968,973
Belgium	54	194,381	180,587	3,626,813
France	372,627	2,158,945	6,570,602	1,138,131
Greece		117,368	2,934	3,264,254
Italy	48,734	211,614	285,913	240,757
Norway	2,964	23,299	695,695	162,881
Switzerland	197,338	1,960,530	422	1,327,832

With the exception of those countries to which we have sold reconstruction supplies on credit, Canada's export trade to Europe has suffered a sharp decline, while Canadians are spending a much larger sum of money for goods from overseas than they were a year ago. It is particularly deserving of notice that in March, 1920, Canadian exports to the United Kingdom fell below imports from the United Kingdom by \$1,586,413, while imports from France also exceeded exports to that country.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 73

TORONTO, CANADA

August 10, 1920.

FOR RELEASE upon receipt

Canadian workmen will need in the early future, perhaps to a greater extent than ever before, the benefit of an adequate tariff to protect their employment against competition of lower-paid foreign labor. Several recent developments are of great significance. The great American Woollen Company has suspended operations for an indefinite period and its employees are out of work. The Pennsylvania Railway has announced that it will lay off 12,000 men. In the silk industry in the United States wages are already being reduced, and the United Textile Workers and the Amalgamated Silk Workers of Paterson, New Jersey, have voted for a strike in the broad silk industry in opposition to such reduction. The declining demand for silks of United States manufacture, due to increasing competition of lower-priced goods from Japan and elsewhere, is the explanation of this situation. World conditions are such as to menace employment in Canadian factories, and the maintenance of an adequate tariff is a vital necessity.

The necessity of large industrial units for the efficient development of natural resources is being recognized throughout the world to a greater extent than ever before. The British Empire Steel Corporation in Canada, with a large capital and unified control over what was formerly a number of separate companies, is paralleled by an important development in the Far East where two large British companies have consolidated their projects for further development of the timber resources of British North Borneo. The Far Eastern Division of the United States Bureau of Foreign and Domestic Commerce says that this development is expected to affect the entire timber and lumber trade of the Far East and perhaps quite appreciably that of the United States along the Asiatic Coast.

During 1919 more than 200 American manufacturers erected or leased manufacturing buildings in Canada according to Mr. A. G. Sclater, Manager of the Statistical Department, Union Bank of Canada, New York, who has contributed an interesting article to the Union Bank of Canada Monthly in which he discusses the reasons for the entry of United States factories into Canada. He considers that the tariff is mainly responsible for attracting these new industries which provide employment for Canadian labor, pay taxes in Canada, and bring foreign money to help in the development of Canadian resources. These new industries supplemented a large number of American plants already established in this country. In this connection Mr. Sclater says: "These manufacturers had established themselves in Canada, first, to escape the Canadian tariff and, secondly, to take advantage of the preferential tariff treatment given by other parts of the British Empire on goods originating within the boundaries of the British Commonwealth.....Today the American manufacturer who has any large volume of business in Canada, must establish himself in Canada to hold that business. The instinct of financial self-preservation is forcing Canada to do her utmost to curtail purchases in the United States and to make within her own borders those things which her people need. In this way only can she hope to rehabilitate her credit in the United States and to reduce the volume of her war debt. Canadians see the logic of the situation. The "Made in Canada" movement is daily gathering strength in the Dominion.

"In this task of making herself self-sustaining, Canada is being helped by the course of events. Canada is an exporting nation of importance and this development is making it increasingly possible for Canadian manufacturers to produce commodities in quantity and bring down initial costs. The development of Canada's export trade has stimulated the imagination of the Canadian manufacturer; he sees more clearly his opportunities in the world's markets and he is filled with an ambition to make the most of these opportunities. The inevitable outcome will, of course, be greater ability on the part of the Canadian manufacturer to hold his own domestic markets against outside competition, even that competition which he has most to fear - American competition. This will mean less buying in the United States as time goes on."

Mr. F. W. Field, H. M. Trade Commissioner in Toronto, in his report for 1919 on the Trade of Canada also refers to the large number of United States branch factories operating in the Dominion. He mentions the following reasons for this development:

- (a) To handle the Canadian market at close range.
- (b) To grow, as a Canadian industry, with the expanding market and increasing purchasing power.
- (c) To enjoy, as a Canadian industry, the benefits of any special trade arrangements made for the units of the British Empire.
- (d) To handle the export orders, received by the parent company in the United States, for shipment to the United Kingdom and other points in the Empire.

Among the United States companies which established branches in Ontario in 1919 were manufacturers of the following lines: "Small motors, generators, electric fans and electrical supplies; suction sweepers, varnish, chemicals, wire ties, hat linings, motor car locks, dome fasteners, abrasives, water meters, lyes, motor car parts (gray iron castings), asbestos protected sheet metal, asphalt paint, calf meal, valves, overalls, copper clad wire, welding compounds, toilet preparations, carbon paper, typewriter ribbons, spark plugs, farm tractors, motor car bumpers, proprietary medicines, machinery packing, motor trucks, motor car bodies, motor car wheels, chemical soot remover, motor car inner tube gas water heaters, weighing devices, suspenders, garters, metal and woodworking tools, fire extinguishers, plumbing devices, milk cans, binding gimps, cap screws, hoists, gas engines, motor car clutches, wire goods and meat products."

Mr. Field adds: "A revision in April, 1919, of data gathered in January, 1914, shows that there are now 388 manufacturing works in Canada which are connected with similar concerns in the United States. The total investment is estimated at \$264,939,592. In the case of 76 of the companies the actual paid-up capital has been obtained, being \$51,895,350, an average of \$682,834. The 76 for which the capitalization has been obtained are fairly representative of the whole list, and this average has been used in estimating the total investment in all the works."

Allowing for the large number of plants established since April, 1919, it may safely be said that there are now more than 500 United States branch plants operating in the Dominion. Taking the average capitalization indicated by Mr. Field, it will be found that the total capital investment is in excess of \$340,000,000. The benefits which this investment have brought in the way of providing employment for Canadian labor, broadening the basis of taxation by municipalities and the provincial and Federal Governments, and increasing the market for other Canadian industries, are very largely due to the fact of tariff protection without which such investment certainly would not have been made.

In his report Mr. Field also states that inquiries of United Kingdom manufacturers as to the establishment of branch works in Ontario were more numerous in 1919 than ever before. Works were established here by British manufacturers for the production of elastic hosiery and abdominal belts, felts for paper making machines, and silk labels.

Analysis of the most recent trade figures in Canada and the United States show not only that there has been a remarkable and steadily accelerating increase in the value of imports during the last year, but also that there has been a tendency for imports of dutiable goods to increase in greater ratio than imports of free goods. The conclusion is obvious that the increase has not been so much in imports of raw materials for Canadian industry as in manufacture and other competitive goods, and that Canadian producers are feeling steadily intensified competition from manufacturers abroad, particularly in the United States and Europe.

For the three months ended June, 1920, imports into Canada of free goods were valued at \$117,298,718, as compared with \$68,995,105 for the corresponding period a year ago, an increase of approximately 70 per cent. For the same periods imports of dutiable goods were valued at \$229,004,966 and \$131,620,409 respectively, an advance of approximately 74 per cent. In the case of the United States the tendency of imports of dutiable goods to increase at a more rapid rate than free imports is still more marked. Not only were imports into the United States in June of this year higher than those of June of last year by nearly 89 per cent, but the proportion of dutiable imports was the highest since July, 1911, one-half of the total imports during the month being dutiable. This is explained in part by the fact that there were unusually large imports of sugar which is dutiable under the United States tariff, but it is also true that imports of manufactures have been rapidly increasing. For a considerable part of the war period the tariffs of the United States and Canada were very largely ineffective, inasmuch as the manufacturing industries of other countries were engaged on war orders and in meeting home market requirements. In most instances prices on this continent of manufactured goods were much lower than those in Europe and foreign imports were a factor of almost insignificant importance in the case of the United States, and of subnormal importance in the case of Canada. So far as goods made in Canada were concerned prices invariably were lower than prices abroad with duty added, and in many instances much below prices abroad even without taking the duty into account.

At a time when imports of manufactured goods are increasing rapidly the tariff is again becoming a factor of considerable importance. The trade balance is once more against this country. For the first three months of the current fiscal year exports of Canadian produce were valued at only \$237,236,799, while imports for consumption were valued at \$346,303,678, the balance being largely unfavorable, without taking account of our heavy obligations abroad amounting to something like \$75,000,000 for the three months. As imports of manufactured goods increase, the maintenance of adequate tariff protection will again be a factor necessary to the successful continuance of Canadian industry and employment of Canadian labor. It cannot too strongly be emphasized that in the case of most established Canadian industries prices in Canada are determined without reference to the tariff. Comparison of war-time prices in Canada and abroad leaves no possibility of question on this point. Nevertheless, wages in Europe still are much lower than on this continent and, with European production again providing a large surplus of manufactured goods in excess of home market requirements, continued tariff protection is vital to Canadian industry and to the best interests of Canadian labor.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

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TORONTO, CANADA

August 17, 1920

FOR RELEASE upon receipt

During August of last year the premium on New York funds when purchased with Canadian currency was around four per cent, and during the latter part of the month went somewhat below that amount. This year, despite increased agricultural production and the prospect of a considerably larger exportable surplus of grain from the current crop, both of which factors might reasonably be expected to help to improve exchange, the premium has been ranging from 12 to 13 per cent. It is time that the Canadian people realized that the exchange situation, apart from seasonal fluctuations, is becoming decidedly less favorable to this country. The explanation is found largely in an analysis of Canadian trade. The latest report issued by the Department of Customs shows that for the months of April, May, and June, 1919, exports of Canadian products exceeded imports into this country for consumption by \$43,481,284. For the corresponding period this year imports for consumption have exceeded exports of domestic products by \$109,066,879. There may be some temporary improvement in exchange as a result of the sale of Canadian grain abroad but no permanent betterment can be looked for until imports are drastically curtailed and exports increased to the largest possible amount. Otherwise, the discount on Canadian money is certain to attain a considerably higher level than at present and the premium on New York funds may even make new records.

In view of the trade situation, which is highly unsatisfactory from a national point of view, it cannot be emphasized too strongly that Canadians ought:-

1. To buy Canadian-made products in preference to goods of non-Canadian origin, patronize Canadian railways, Canadian insurance companies, Canadian shipping, and, generally, to keep Canadian money in Canada;
2. To limit imports to absolutely necessary commodities;
3. To develop Canadian natural resources so as to make this country economically self-sufficient to the greatest possible extent;
4. To stimulate investment of Canadian and imported capital in industries which will help to relieve Canada of the necessity of importing on so large a scale as at present and to provide a surplus of Canadian products for export; and
5. To encourage the final processes of manufacture in this country so as to save payment to foreign labor and foreign capital for manufacturing goods which could advantageously be made in Canada from Canadian raw materials by Canadian workers.

Industrial development in Western Canada is proceeding at a rate little appreciated by people in other parts of the Dominion. The provincial governments in the Prairie Provinces are realizing as never before the potentialities of their natural resources. Today there are more than 700 members of the Canadian Manufacturers' Association located west of the Great Lakes, whereas twenty years ago there was not one. The July issue of Industrial Canada points out that certain lines of industry are gradually transferring a considerable part, and in many cases the chief part, of their activities to Western Canada.

The Government of the Province of Alberta, in its official publication, The Public Service Monthly, is now devoting an entire section to industrial news of that Province. In the last issue it was stated that there were now 208 factories in actual operation in the Province, giving employment to 3,171 people.

The principal factories are listed as follows:-

15 Sash and door	7 Brickmaking
2 Garment workers	6 Bakeries
1 Carriage works	45 Auto repair shops
4 Meat packers	2 Sheet metal works
10 Creameries	15 Aerated water works
1 Brewery	7 Laundries
32 Printing and publishing	6 Tire and vulcanizing
22 Flour mills	5 Stone cutting
21 Machine repair shops	1 Oil works

The figures of the Dominion Bureau of Statistics are considerably larger, inasmuch as the Ottawa statisticians list as manufacturing establishments plants of smaller size than those counted as factories by the Saskatchewan Bureau of Labor and Industries. The Federal Bureau in its report for 1918, stated that there were in Saskatchewan in that year 1422 manufacturing establishments with a capital of \$39,476,260, employing 8,188 persons, and distributing in wages and salaries in that year \$8,496,050. The current issue of The Public Service Monthly of Saskatchewan also notes the following industrial developments:-

Organization under provincial incorporation of the Ceylon Sodium Sulphate Company, Limited, to develop the sodium sulphate deposit south of Ceylon, Saskatchewan. It is claimed that the sodium sulphate secured in this district can be used without any refining process; tests 98 per cent pure and is considered the most valuable deposit in the world. Nine million tons are said to be available without much expense. The known mineral resources of Saskatchewan include natural gas, sodium sulphate, sodium chloride, salts and potash, coal, clay, gold, and petroleum. In connection with development of the natural resources of Saskatchewan, the development of which is being encouraged by the Provincial Bureau of Labor and Industries, two samples of clay, one taken from the East End and one from Wood Mountain, have been forwarded to England for exhibition purposes. Samples of pottery manufactured from this clay have also been included in the shipment. The Saskatchewan Co-operative Creameries, Limited, is adding to its big plant in Regina. When completed this will be one of the largest and most modern butter-making plants in the Dominion. A very fine shale has been discovered at Lumsden, Sask., which can be pressed and manufactured into fancy bricks. Experiments indicate that this is a first-class material for manufacturing pressed face brick, tile, and sewer pipes.

The fisheries resources of the Prairie Provinces represent a potential asset of great value and are awaiting development. The Inspector of Fisheries for the Province of Saskatchewan estimates that a railway to Meadow Lake would bring out at least 300 carloads of fish from the Northern lakes of the Province each season. A crew of four fisherman last year caught 300,000 pounds of white-fish in Buffalo Lake alone. Buffalo Lake is only one of many smaller lakes in the northern part of Saskatchewan.

The true attitude of certain of the leaders of the farmers' organizations in Western Canada towards Canadian workers and Canadian industries is indicated in the following statement from a letter from Mr. Lambert, Secretary of the Canadian Council of Agriculture, to The Canadian Railroader: "For ten years, the Farmers' Organizations, - and I speak here particularly of the prairie provinces, - year after year in annual convention, have taken the position that what they want is tariff reduction not tariff commissions."

Again, Mr. Lambert says: "The introduction of the issue of a Tariff Board at the present juncture is beside the mark, not to mention the fact that we have had at least two Tariff Commissions at work in this country during the past thirty years which accomplished nothing."

If Mr. Lambert's statement is to be taken literally, the Farmers' Organizations are prepared to insist upon reductions in the tariff without considering the effects on Canadian industry, especially in view of present world economic

conditions. If their demand is for tariff reduction without investigation, they are showing no consideration for Canadian labor or for any element in the community except the producers of agricultural products for which there is a world market. To oppose the appointment of a permanent tariff board on the ground that "we have had at least two Tariff Commissions at work in this country during the past thirty years which accomplished nothing," is an evasion of the issue.

In the United States a permanent Tariff Board is accomplishing splendid results, the great value of which is frankly recognized by both of the principal parties. The Commission is accumulating a tremendous amount of valuable information relative to costs of production, etc., in the United States and abroad, and is laying the basis for a scientific revision of the tariff. By failing to have a Tariff Board, Canada is lagging behind her southern neighbor and is leaving the tariff issue to be determined by opportunism and sectional bias, without information as to the true needs of Canadian industry and without reference to the possibility of development of Canada's resources and the promotion of national economic independence.

Much of the criticism directed against capitalists is prejudiced and ill-informed. The idea that the owners of capital represent only a comparatively small part of the population is disproved by a recent report issued by the Controller of Currency of the United States, which shows that in the national banks of the United States there are no less than 20,380,000 time and deposit accounts. The demand deposit accounts represent 12,315,000 and the time deposits 8,065,000. This represents an average of approximately one bank account for every five and a half of the population, or almost one bank account for every family. These figures take no account of the very large deposits in state banks and trust companies. Besides this evidence of ownership, of capital distributed to a remarkable extent over the entire population, there are something like 20,000,000 owners of Liberty Bonds, and besides many millions of people who own bonds, stocks, mortgages, and other securities which are nothing more or less than titles to wealth. It may safely be said that there are comparatively few adults in Canada and the United States who are not capitalists either large or small.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 75.

TORONTO, CANADA

August 27, 1920.

FOR RELEASE upon receipt

Allotment has recently been made among Canadian woollen mills of orders totalling \$7,500,000 from Rumania. This amount represents several contracts from that country, including a large order from the Rumanian Government for khaki frieze and serge, and \$500,000 for knit goods, principally heavy woollen socks, sweaters, jerseys, and hosiery. The fabrics are, for the most part, blanket cloth, curl cloth and oxford tweeds of a heavy character in small demand for the domestic market and the order, coming at a time when the Canadian mills had practically completed deliveries under the contract with Greece, will keep in full operation for some months Canadian woollen manufactories, the capacity of which were largely expanded to meet war demands.

Deliveries to Rumania must be completed within six months from October 1. The order is being financed by a British syndicate and will not involve any credits from the Canadian Government. Mr. Frederick H. Yapp, Secretary of the Canadian Woollen Manufacturers' Association, who negotiated the order, will return to Europe almost immediately with a complete range of samples of products of the Canadian mills. This time he will go as far as Bucharest. Mr. Yapp is confident that additional orders of large volume can be obtained in Rumania and elsewhere in Europe.

The success of the Canadian Woollen Manufacturers' Association in obtaining such contracts from Rumania is due in large measure:-

1. To the ability of the Canadian mills, through their Association, to undertake quick deliveries of large orders and to offer a wide range of woollen goods, without the buyers being obliged to negotiate with a large number of producers;
2. To the splendid reputation won by the Canadian products which were supplied under Government credits last year;
3. To the capacity of the Association's representatives, including the salesman who has been in Bucharest for the past year, and Mr. Yapp who went to England to close the negotiations and arrange for financing the orders;
4. To the fact that the Association was able to offer satisfactory prices.

Canadian woollen manufacturing plants which produce only finer grades of fabrics did not participate in these particular orders, as such factories are devoting their entire output to the Canadian market. It is in such finer lines that competition from abroad is increasing and, indeed, the very rapid enlargement of imports of such woollens from Great Britain is already causing considerable uneasiness in Canada and also in the United States. British producers have a decided advantage in exchange and as their production is increased effective competition with Canadian manufacturers seems certain not only to increase so far as the finer lines are concerned but also to extend to the heavier and coarser lines of woollen goods. Recent investigations by the United States Tariff Commission indicates that British manufacturers have retained most of their pre-war advantages over manufacturers on this continent and that increasing competition is inevitable. Nevertheless, the Canadian mills are temporarily in a position to compete in overseas markets so far as the heavy lines of woollens are concerned. The order was not secured by offering woollens at

prices below those available to domestic buyers and Canadian purchasers are getting the full advantage of the efficiency of the Canadian woollen manufacturing plants. Indeed, the latter are operating on a small percentage margin of profit.

Had it not been for the organization of the Canadian mills under the name of the Canadian Woollen Manufacturers' Association, there is little doubt that the very considerable amount of European business which has been brought to Canada would have been lost and that the Canadian woollen industry to-day would have been in as serious a plight as are the mills in the United States. Through co-operation, the Canadian mills have been able to effect a large measure of standardization and specialization, to bring about other economies in production and generally to increase their efficiency in manufacturing and marketing. Credit is due, too, to the Association's representative in Bucharest. Many orders have been lost through inability of the representatives sent to foreign countries to understand the point of view of the buyers.

A very large part of the money which will be brought to Canada as a result of this export business in woollens will be distributed in wages to Canadian labor.

The Grain Growers' Guide, in its issue of July 28, said editorially: ". . . when a protected industry enters the foreign field, the protection it receives in the home market operates as a bonus on exports, and so enables it to compete by selling at lower prices than are charged in the home market. Protectionist countries have recognized this fact and have attempted to meet it by anti-dumping laws, some of which go so far as to confiscate imports shipped under a false declaration of home value. The process, however, goes on as has been clearly established in the case of the foreign prices of Canadian-made agricultural implements."

Executives of Canadian implement companies state that they have not at any time sold farm machinery at a lower price in the foreign than in the domestic market, under similar conditions, and when the difference in cost of transportation is taken into account. The Guide's charge is only a re-statement of attacks which have been made in the past and repeatedly shown to be without foundation.

The Guide says: ". . . no 'scientific, trained economist' believes in the framing of a scientific tariff."

The Guide doubtless has heard of Professor Taussig of Harvard University, author of "The Tariff History of the United States," and, until recently, Chairman of the United States Tariff Commission. Professor Taussig, while perhaps accepting free trade as a theoretical world ideal, now realizes the necessity for moderate tariff protection, largely as a result of his actual contact with industrial problems and conditions. The Guide may also have heard of Professor Gerald L. Wendt of the University of Chicago, who has recently publicly professed views favorable to a protective tariff as a means of protecting needed domestic industries. Many of the new generation of economists in the United States and in Canada are freeing themselves from the traditional teachings of the English school of theorists and are recognizing that a scientific tariff not only is possible but absolutely necessary for industrial development and as safeguard of labor standards. Even in Great Britain, steeped as its universities have been in the free trade of the Manchester school, there are economists who recognize that a protective tariff is not only justified but absolutely necessary under certain conditions. The Guide's statement that ". . . no 'scientific, trained economist' believes in the framing of a scientific tariff," is disproved by the facts.

The Guide also says that a permanent tariff board "means a board which will lay down for the Government in power the details of tariff policy." So far as the Canadian Reconstruction Association knows, no proposal for the appointment of a tariff board with any such powers has ever been seriously proposed in this country. The United States Tariff Commission, appointed by

a low tariff Government, is doing work, the value of which is frankly recognized by both Republicans and Democrats. The Tariff Commission of the United States does not "lay down for the Government in power the details of tariff policy," but it does supply information of an invaluable character as to relative costs of production and other considerations which enable Congress to deal intelligently with tariff problems as they arise. The tariff index now being prepared by the United States Tariff Commission is alone worth the entire cost of that Commission to date. The permanent tariff commission that is needed in Canada is a commission which will supply information to the Government and Parliament of Canada in the same way that information is now furnished by the United States Tariff Commission to the Congress of that country.

There is a thoughtless optimism in Canada to-day which disregards the probable effect upon agriculture, as upon other industries in Canada, of the rehabilitation of production abroad, and particularly in Europe. The situation and its significance are frankly stated in a recent editorial in The New York Journal of Commerce, which says:-

"The exporter of agricultural products must, in common with other exporters, meet the problem of the inability of foreign nations to finance purchases of the production of our farms. Under the stimulus of the Government's efforts to increase home production the agricultural output of a number of the recently belligerent nations is rapidly returning to normal. European agriculture generally is showing remarkable recovery, though there are some exceptions, such as some of the Balkan States and Russia. It is thought that after the present harvest Europe, with the exceptions above mentioned, will be back almost to pre-war conditions as far as production of domestic foodstuffs is concerned. A considerable amount of butter and potatoes have recently reached this country from Denmark; Australian and New Zealand mutton have lately been imported into the United States. The imports of Egyptian onions have reached pre-war quantity. Large quantities of Rumanian wheat have been sold to Italy and other European States."

The Journal of Commerce thinks, however, that until Russia again enters the world markets with her grain, it is probable that this continent will be able to find profitable sale abroad for its entire exportable surplus of breadstuffs; and that good markets for dairy products and meats will continue in Europe for some time.

Canadian agriculturists will do well to consider what these developments mean. Every country in the world is striving to increase its farm production and to decrease its dependence upon outside sources of supply. Competition for markets abroad is certain to become increasingly keen, despite the perennial warnings of disciples of Malthus. Farsighted agriculturists in Canada will appreciate to an increasing extent that the home market is the best market and that their interests will best be served by the development, along with agriculture, of strong and efficient manufacturing industries.

The Canadian Reconstruction Association is informed by an experienced Toronto druggist, who is not personally interested, that many toilet commodities, such as face creams, powders, and toilet soaps, made by plants in Canada, are of quite as high quality and as satisfactory in use as similar imported products. Moreover, the Canadian-made goods are somewhat lower in price.

Competition of Canadian-made products and other conditions have compelled many foreign manufacturers of toilet articles to establish manufacturing branches in this country, but still very large quantities of such goods are imported. Under present conditions of exchange it is highly important that the Canadian public should give the preference to Canadian-made products, especially when the supposed superiority of the foreign-made goods is the result rather of extensive advertising than of intrinsic superiority.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 76.

TORONTO, CANADA

September 21, 1920.

FOR RELEASE upon receipt

Much has been heard recently of the national assistance given to industry through the tariff but it is not generally realized that the Federal and Provincial Governments, properly appreciating the importance of agriculture, have expended very large amounts in direct aid to agricultural development and production. The following table shows expenditures by the Dominion Government in direct aid of agriculture from 1909 to 1919, exclusive of interest and other charges on the debt incurred for experimental farms and other agricultural enterprises and exclusive of any part of the cost of the general services of the Government:-

Fiscal year 1909-1910	- \$1,314,081
1910-1911	- 1,628,297
1911-1912	- 1,804,736
1912-1913	- 2,831,466
1913-1914	- 3,613,557
1914-1915	- 4,296,736
1915-1916	- 3,987,933
1916-1917	- 4,066,196
1917-1918	- 4,658,958
1918-1919	- <u>4,662,531</u>

Total for ten years - \$32,864,491

The Provincial Governments expend little in encouragement of other industries but large amounts annually to advance the interests of agriculture. Analysis of the public accounts of the several Provinces shows the following Provincial expenditure in direct aid of agriculture, exclusive of interest charges on borrowings for experimental stations or other agricultural undertakings, and exclusive of Federal subventions to the Provinces for agricultural promotion work:-

Alberta	Calendar year 1918	\$474,615
British Columbia	Fiscal year ended March 31, 1919	240,201
Manitoba	" " " Nov. 30, 1919	517,533
New Brunswick	" " " Oct. 31, 1918	51,228
Nova Scotia	" " " Sept. 30, 1919	95,408
Ontario	" " " Oct. 31, 1919	1,223,795
Prince Edward Island	Calendar year 1918	9,166
Province Quebec	Fiscal year ended June 30, 1919	780,546
Saskatchewan	" " " April 30, 1919	<u>197,000</u>
Total for periods indicated		\$3,589,496

For the fiscal years ending in 1919, the total provincial expenditures in direct aid of agriculture would be close to \$4,000,000, and the combined Federal and Provincial expenditures not less than \$8,500,000.

The statement by The Monetary Times that "Canada is top-heavy with industry," if it means anything, means that manufacturing has been developed at the expense of agriculture and that our industrial organization has out-run our production of raw materials. The fact is that Canada produces much more than enough food and raw

materials to supply the requirements of all the Canadian people. The marketing of the excess abroad at favorable prices constitutes a considerable problem under normal conditions and there is no fair-minded farmer in Canada who would not care to see an even greater demand than at present for his products for manufacture in Canada for sale abroad, because such domestic competition would provide an alternative market and ensure the highest prices. But while there is an exportable surplus of raw materials, Canada does not supply anything like all its requirements of manufactured goods. Surely the Dominion is not "top-heavy with industry" as long as raw materials are being exported and finished articles, often made from products in competition with Canadian raw materials, or even from Canadian raw materials, are being imported in large quantities. By manufacturing native raw materials in Canada, not only to supply domestic needs, but also for sale in export markets, this country would save the profits of manufacture, which in turn will be available to promote further development and increase the market for agricultural produce and raw materials of all kinds.

Canada's trade position offers almost startling evidence that this country is not "top-heavy with industry." During the month of June, 1920, imports into Canada for consumption were valued at \$134,692,344, while exports of Canadian products represented a value of only \$106,537,835, an adverse balance of \$28,154,509, without taking account of our foreign indebtedness or other items which represent an "invisible" obligation abroad of between \$20,000,000 and \$25,000,000 per month. On the other hand, during the month of June, the United States, which is more highly industrialized than Canada, had a favorable balance of \$64,218,420, while the balance of the so-called "invisible" items probably is also in favor of that country. The adverse rate of exchange is difficult to explain on the "top-heavy with industry" theory.

The statement that "Canada is top-heavy with industry" is based on the fallacious theory that manufacturing does not create new wealth, but only transforms wealth. A cow transforms feed into milk, but it would be difficult to convince the successful dairy farmer that bran and shorts ought all to be exported, that the cow does not create new wealth, and that the dairy farmer is not entitled to a return on his investment. The cow is only a highly organized manufacturing plant.

Canada was largely a producer of raw materials before the National Policy was adopted in 1878, and one of the principal causes of dissatisfaction was that so many Canadians were attracted away from the country by industrial development in the United States. Canada is still losing many promising young Canadians because this country is not "heavy" enough with industry. No important nation has ever been built on a purely agricultural basis. History shows that successful nations have been those which have developed manufacturing as well as the extractive industries, and that these are mutually advantageous. Agriculture cannot be advanced by checking manufacturing. Canada offers greater inducements to agriculturists than are provided in any other country in the world, and the Canadian Federal and Provincial Governments are spending freely in promoting their interests, but men and women cannot be forced into farming against their will.

The importance of industrial development, along with agricultural, as essential to national economic independence and perhaps even political independence, was demonstrated by war experience and is to-day appreciated by almost every nation in the world, and by none to a greater extent than the Government of Australia. A statement recently issued by the Australian Commonwealth authorities and forwarded to the United States Department of Trade and Commerce, at Washington, by the United States Consul at Melbourne says:-

"Industries had to be created (i.e., in Australia) in order to supply articles necessary for the equipment of military forces; for example, suitable nails and tacks were unobtainable for boots, or such needs as brass eyelets were lacking for waterproof sheets. Harness contracts were hung up because supplies of bichromate of soda for treating leather were not available. Suitable steel could not be obtained to complete munition wagons or woollen yarns for cardigan jackets. . . . In drafting

the tariff the chief object in view was not only to give security to the industries which had started or were expanded during the war, but also to provide scope for their further development, so as to enable them, so far as this end is attainable, to supply all Australian requirements, especially as regards those industries whose raw materials are produced in Australia."

Canada may perhaps be top-heavy with industry if China is the ideal, but even China is now awakening to the importance of developing manufacturing industries. Diversification of industry is necessary to national prosperity. Only by encouraging Canadian industries, manufacturing raw materials to the greatest possible extent in Canada and decreasing our dependence upon foreign sources for essential supplies, can the best interests of the Dominion be promoted.

The writer of The Monetary Times' editorial may have intended by his "top-heavy with industry" statement, to express the thought that certain industries have been developed at too high a cost. When one considers the employment afforded by new industries, the taxes paid by them, the business provided for other industries and for transportation, banking and similar institutions, the enlargement of the farmers' home market and the encouragement given to development of Canada's natural resources, a general indictment of this character is not justified.

In its Ten Commandments for Canadian Trade, the Canadian Reconstruction Association has urged Canadians to patronize Canadian products and utilize Canadian services. It has argued that they should ship by Canadian carriers through Canadian ports, thus encouraging the development of national harbors and the Canadian Merchant Marine. And it has pointed out that during the five years' period, 1913-17, 63.17 per cent of Canada's exported grain was cleared through other than Canadian ports. The Canadian Navy League declares that "Canada's foreign trade to-day is \$2,351,000,000, of which \$1,046,000,000 is sea-borne and \$1,305,000,000 is land-borne," but it points out that a tremendous proportion of this latter amount is ultimately sea-borne, though in foreign bottoms. Foreign trade, it declares, is essential to domestic prosperity. New routes must be opened and Canadian trade lines must be established and maintained. Canada, the Navy League declares, is now the eighth maritime power where seventy years ago she was the third. Then her ships were manned entirely by Canadians. To-day, the Canadian Merchant Marine, consisting of 8,700 ships, is valued at \$250,000,000, but "through lack of interest of Canadians in their maritime affairs these ships are neither officered nor manned by Canadians."

After several months' experience with cartons of uniform sizes, Canadian boot and shoe manufacturers have found decided advantages in standardization. After being under discussion for some years by district shoe associations, a practical standardization policy was adopted at the first annual meeting of the Shoe Manufacturers' Association of Canada early this year. As a result of this policy there are now only twelve sizes of cartons in general use. Paper box manufacturers and general retailers, as well as boot and shoe manufacturers, have benefited from this uniformity in sizes. Box makers are more easily able to anticipate demands, maintain reserves, and supply rush orders. Standardization, too, has brought economies in production and by eliminating sizes of boxes has enabled retailers to economize in wall space and to make more attractive displays in their shelves.

CANADIAN RECONSTRUCTION ASSOCIATION

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FOR RELEASE upon receipt

Whatever criticisms may be directed against the tariff it cannot be contended that under the "National Policy" Canadian agriculturists and Canadian industries have not flourished and that Canadian workers have not enjoyed living conditions far in advance of European labor. To-day as a whole despite high living costs labor is as well if not better off than at any time in its history, and certainly with recent housing and other social legislation its standards of living have been improved appreciably. Ontario's share of the Federal Government's housing appropriation was \$8,750,000. The Province voted an additional \$2,000,000 for the same purpose. Ninety-nine municipalities in Ontario have taken advantage of the Provincial Housing Act and sixty-eight have actually carried out building operations. Up to the 31st of December, 1919, 1,184 houses had been constructed and about 1,000 have been erected or are being erected this year. These 2,200 houses will cost approximately for houses and land \$8,800,000, of which those who have taken advantage of the housing legislation have contributed about \$1,000,000. The Provincial Bureau of Municipal Affairs is the authority for the statement that practically all these houses are for working men and women. In other words, Canadian workers have invested approximately \$1,000,000 in dwellings built under the provision of the Provincial Act, the terms of sale of which provide for --

Payment of an amount in each month estimated by the Director as sufficient to pay the purchase money with interest thereon at the rate of 5 per cent per annum at the end of twenty years from the date of the mortgage.

Outside of these investments many workingmen have bought their own homes direct from private builders and the total investment by Canadian labor all over the Dominion must be very large. Can the prosperous conditions which have permitted these investments be continued under radical tariff legislation which must certainly disturb industrial stability and encourage unemployment and depression? Working men and women before subscribing to policies directly affecting their means of livelihood should carefully consider the probable effects of their operation.

A minor but striking example of the value of a protective tariff to new industries is furnished in the experience of shirt and overall manufacturers in Winnipeg. Established some twenty-five years ago, this local industry has progressed steadily until to-day it includes eight manufacturing concerns, using \$1,500,000 capital, employing 750 persons, and producing goods to the value of \$2,500,000 annually. Approximately one-third of this value is distributed in pay to the employees. A substantial proportion of the materials used are purchased in Canada, so that employment is provided indirectly for other workers. Selling prices are based upon actual cost of production and have never been higher than the prices of similar goods when made and sold in the United States, except to the extent that Canadian costs are increased by revenue duties on materials. Competition in the industry is keen.

The Canadian tariff duty on imported shirts and overalls is 35 per cent under the general and 25 per cent under the British preferential schedules, but the net protection is not large, inasmuch as imported colored cotton goods used in the manufacture of shirts and overalls are dutiable at 32½ per cent, buttons at 35 per cent, and buckles and slides at 30 per cent. The United States, with much larger and strong-

or domestic industries manufacturing similar goods, maintains a tariff of 30 per cent against imports of such articles.

If the Canadian tariff were withdrawn or substantially reduced, the United States manufacturers would cut into the Canadian market, and Canadian manufacturers would be unable to make up the loss by seeking new business in the United States, because of the 30 per cent duty against Canadian importations into that country. The curtailment of output through such reduction in business available to the Canadian factories would increase unit costs, make it impossible for them to compete with larger companies operating in a home market of more than one hundred million people in the United States, and force them to close their business. Their staffs would be thrown out of employment. The wages paid would go to foreign labor and be spent in the United States. Other Canadian industries from which they buy materials would be affected. The City, Province, and Dominion would lose the taxes which these industries and their employees have been paying, and the country at large would derive no offsetting advantage.

The agitation which has so long persisted against Canadian producers of agricultural implements can hardly continue after the splendid statement of the Massey-Harris Company before the Tariff Commission at Winnipeg. Mr. Findlay's evidence provided further emphatic proof that Canadian manufacturers do not take advantage of protection to increase prices to their customers by the full amount of the tariff.

The truth is that Canadian manufacturers fix the selling prices of their products at the cost of production, plus a profit which rarely exceeds ten or twelve per cent of cost and in the case of well established industries is usually much lower. Whenever large profits have been made by manufacturers in the Dominion, they have been derived almost invariably from a very small margin per unit on a big turnover.

Investigation of any well developed Canadian industry, such as agricultural implements or boots and shoes manufacture, will show that Canadian prices even before the war were well below the United States prices, plus freight, plus duty, and during the war in many instances were lower than prices in the United States, without taking the Canadian duty into account. Nevertheless, at least the present measure of tariff protection is needed:-

1. To give stability to developing Canadian industries and by protecting the Canadian market against the dumping of surplus stocks, cancelled orders, or slow selling lines by producers abroad. The present unemployment in the Canadian boot and shoe industry is due largely to the "dumping" of United States footwear into Canada at lower prices than those offered to the United States trade when the American home demand slackened.
2. To protect Canadian industries against unfair practices by strong competitors abroad, with a view to preventing development of production in the Dominion.
3. To enable Canadian producers to gain and hold the domestic market by selling below the price abroad, plus duty. Quantity output is a necessary condition to low production costs.
4. To encourage that competition between producers in Canada which is the surest protection to the public against excessive prices.
5. To permit a reasonable degree of standardization of production in Canada, which is also essential to low production costs, by protecting developing Canadian industries against excessive competition from "exclusive" lines produced and offered by manufacturers abroad with a much larger home market and, in many cases, a world market.
6. To provide for Canadian producers a margin of protection against temporary conditions abroad, so as to warrant them in increasing their investment in the Dominion and enlarging their production.
7. To stabilize prices in Canada. When prices are liable to frequent fluctuation, the "spread" between cost of production and retail selling price is necessarily increased as a protection against the uncertainties of the market.

CANADIAN RECONSTRUCTION ASSOCIATION

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October 26, 1920.

FOR RELEASE upon receipt

The great provincial universities at Edmonton and Saskatoon afford striking proof, if proof is needed, that agricultural occupations are by no means the sole vocations or aspirations of the young men and women from the farm homes of the Prairie Provinces. The combined registrations this year in the universities of Alberta and Saskatchewan will be between 2000 and 2500 students, of whom only a comparatively small number are enrolled in agricultural courses. Both institutions have plant and equipment provided at heavy cost and staffs which compare favorably with those of universities anywhere in the world. At Saskatoon, a new Arts building in connection with the University of Saskatchewan is projected at a cost of approximately one million dollars. History has no precedent for communities agricultural in their outlook and aspirations providing the higher educational facilities on such a scale. But Alberta and Saskatchewan, despite their aggressive Farmers' party, realize that more than cultivation of the soil is necessary to provincial prosperity and that diversity of occupations and opportunities must be provided if immigration and population are not to suffer in comparison with other parts of the Dominion. Industries must be encouraged to give employment to those who are not suited, physically or temperamentally, for farming, and with industries will come great centres of commercial and professional activity affording further scope for the individual. Any narrow national policy inimical to industrial development is directly opposed to the best interests of the Dominion and the large element in its population which has no natural inclination to the soil. If the sons and daughters of the Middle West who have no aptitude for farming are to remain in the Prairie Provinces, industrial development must be encouraged. So with the whole Dominion. The problem before Western Canada to-day is, in a very large measure, the problem which faced the Dominion during the two decades following the Civil War in the United States, when the latter country was in the heyday of industrial expansion. Speaking at the annual meeting of the Canadian Manufacturers' Association, in October, 1877, Mr. Howland said that, "at the lowest calculation, Canada had, between 1861 and 1871, lost 80,000 persons a year who had been educated in this country and who were worth to her half a million of such as we got by assisted immigration." He added that, to use a vulgar expression, our country was getting "little better than a breeding ground for the Americans."

Sir Charles Tupper, in the Canadian Parliament on February 22, 1878, said: "The policy the Government has pursued has had the effect of depopulating the country. It has sent the most skilled and intelligent labor, finest sons of Canada, to a foreign country to obtain employment which their own country denies them. That is a fatal policy and one which must induce us to forego all our aspirations for anything like a rapid greatness for this country in the future and to consent to become hewers of wood and drawers of water for our friends across the line in the great Republic of the United States."

In the course of the debate on the budget speech of Mr. Cartwright, Mr. Tupper declared repeatedly that the lack of adequate protection for Canadian industries was forcing many Canadians to expatriate themselves because of the lack of employment at home. "When capital is driven away, the people of Canada go after that capital and where employment is furnished them, and this is what the honorable gentleman's policy has resulted in....The people are willing to be frugal and to work hard but they ask for a policy from the administration which does not compel them to expatriate themselves in order to get an opportunity of working hard. The honorable gentleman's policy is to send them to Boston, New York and Baltimore, the places which he has made the commercial capitals of Canada."

In the same speech, Mr. Tupper stated that the United States Consul at Toronto, in a report to his Government, had said: "We have nearly all the trade of Canada and we can get it all." This is what inadequate protection was doing for Canada. In this connection, Mr. Tupper recalled the statement by Richard Cobden in the British House of Commons on March 12, 1844: "The farmer's interest is that of the whole community and is not a partial interest, and you cannot touch him more sensitively than when you injure the manufacturers, his customers."

Sir John Macdonald, speaking in the Dominion Parliament on March 7, 1878, showed clearly the results of inadequate protection. He showed how this country had lost by emigration to the United States thousands of its most promising young people and stated that the Provincial Government of Quebec had established agencies to try to induce these people to come back and re-settle in their own province but had failed in its endeavors. He then announced the following policy:-

"We must, by every reasonable means, employ our people not merely as farmers, as tillers of the soil, but we must bring out every kind of industry, we must develop the minds of the people and their energies. Every man is not fitted to be a farmer, to till the soil. One man has a constructive genius, another is an artist, another has an aptitude for trade, another is a skilful mechanic--all these men are to be found in a nation; and, if Canada has only one branch of industry to offer them, if these men cannot find an opportunity to develop the skill and genius with which God has gifted them, they will go to a country where their abilities can be employed, as they have gone from Canada to the United States."

In all unprejudiced minds the autocratic and tyrannical character of the Bolshevik rule in Russia has long been unquestioned. It is finally established in the series of special articles appearing in the London Times by Dr. L. Haden Guest, Joint Secretary of the British Labor Delegation to Russia. Dr. Guest after tracing the decline of the Soviets and the establishment of a dictatorship by the Communist party over all workers, says:-

"Soviet Russia is ruled in fact by the so-called 'political five' (Lenin, Trotsky, Stalin, Kamenev and Kristinsky); its decision is absolutely final. This 'five' hampered neither by the control of any representative institution nor by any action of independent democratic organization, nor by criticism of free press or free word, are indeed omnipotent, but such revolutionary absolute power shares the general sad fate of every absolute power. Omnipotent as far as the masses are concerned, omnipotent with respect to the workman or peasant as well as any bourgeoisie, it is impotent as far as bureaucracy goes, and again particularly its military and police services, on which the 'five' are forced to rely for the fulfilment of its dictatorship. None of the best intentions of the men in power can be here of any avail. Absolute power at the top automatically creates absolute power of the worst kind at the bottom. And one must acknowledge that all kinds of arbitrariness, violence, bribery, and simple robbery bloom in Soviet Russia. Desperate efforts of separate groups of honest true Communists are drowned in this endless sea of militaristic and police corruption. Such is, in short, the real aspect of the theory and practice of the Soviet system.....Whether the tendency towards concentration of power will go further still, only the future can say. We are, at any rate, a long way off from the 'Bourgeois superstition' of liberty, constitutional democracy, and workers' control. How near we are to a Napoleonic era is a matter of speculation....."

With Government Industrial Departments in the three Prairie Provinces and with an unquestioned awakening of public opinion to the value of industrial development, it is difficult to understand the insistence of Western Grain Growers upon radical tariff reductions. In Saskatchewan no less than thirty-five municipalities are advertising special inducements for industries, and already a notable beginning in manufacturing activity has taken place. In 1905 there were in the Province only 55 plants officially classed as manufacturing establishments. They represented an investment of \$3,820,975, employed 1376 persons, and produced in that year goods to the value of \$2,443,801. Government records show that in 1918 there were 1422 establishments, with a combined capital of \$39,476,260, employing 8,188 persons and producing goods valued at \$50,096,635.

Provincial measures for further development of the industrial possibilities of the Province were brought to the attention of the Tariff Committee at Regina by Mr. C. J. Watson, Manager of the Great West Saddlery Company, who said: "The Saskatchewan Government has created a Bureau of Labor and Industries, which already has done valuable work in advertising our industrial potentialities and arousing interest in the natural resources of Saskatchewan. A special section is being devoted to such industrial interests in every issue of the Public Service Monthly. Government officials believe that there are possibilities here for the development of industries manufacturing chemicals, glass, paper, brick and tile, fine china, and other commodities. At various places in the Province we have important deposits of sodium sulphate which would provide the raw material for the manufacture of a wide range of soda products, such as bleaching agents, cleansing compounds, and materials used extensively in the paper and glass-making industries. In the fiscal year 1918-19, 67,617,762 pounds of crude soda sulphate, valued at \$626,446, were imported into this country. Development of the Saskatchewan deposits, if the home market be assured, would enable this entire Canadian demand to be supplied from domestic sources, and, in addition, would probably enable the building up of a substantial export business.

"North of Prince Albert, and also in Southern Saskatchewan, silica sands, suitable for glass making, are found in large quantities. Southern Saskatchewan clays are now being shipped to the United States for manufacture there, while Canada imports large quantities of clay products. The Bureau of Labor and Industries is having samples of the finer native clays examined by experts in Alfred University, New York, with a view to development of the deposits. In this connection, the Department says: 'Analytical chemists claim that these clay deposits at Willow Bunch and East End are proving to be very valuable properties and are likely to become of great commercial value in the manufacture of brick, tiles, and fine pottery. The Willow Bunch deposit has shown it is capable of producing the highest grade china, equivalent to Crown Derby ware, without the necessity of being manufactured or even filtered.'

"The Provincial authorities have also been giving some attention to the possibilities of manufacturing paper in local unit establishments from wheat and oat straw, using native sodium sulphate as a filler. High-class kraft paper has already been made in small quantities from such straw and the problem of collecting the straw on an economical, commercial basis is now receiving consideration. The Provincial Department of Agriculture estimates that a minimum of 4,500,000 tons of such straw is wasted annually in the Province, although it would provide the raw material for 2,250,000 tons of paper. Flax fibre grown in Saskatchewan also offers opportunities for an important manufacturing industry here. This year there are no less than 1,032,000 acres in flax and the straw will average one-half ton to the acre. The problem of threshing without destroying the flax fibre is now receiving attention. A cordage company in Vancouver informed the Tariff Committee that it was investigating the possibility of utilizing Ontario and Saskatchewan flax, but we are hoping that a cordage industry may be established within the boundaries of Saskatchewan if protection be continued.

"The Province has abundant supplies of lignite coal, but most of such lignite shows a relatively high moisture content. Important problems are involved, but it cannot be doubted that some satisfactory means of utilizing our vast fuel resources will be found. Even in its present form the fuel is suitable for certain classes of manufacturing use. Either by making gas from the coal, or by using briquetted fuel, the power problem of this Province seems certain to be solved. Our mineral resources are still largely an unknown quantity. The Government has two survey parties investigating such resources and their report will be awaited with interest. Lumber resources in the northern part of Saskatchewan offer raw materials for wood-working industries."

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 83.

TORONTO, CANADA

November 9, 1920.

FOR RELEASE upon receipt

PRODUCE -- PURCHASE -- PROTECT

CANADIAN GOODS

Harmonious relations between employers and employees with mutual concentration upon quality and production are essential with declining prices. Leaders of industry and of labor in the United States are agreed upon the necessity of "production in ever-increasing measure." Mr. Samuel Compers declares that "production is the great world problem of to-day" Mr. W. A. Appleton, Secretary of the English Federation of Trade Unions and President of the International Federation of Trade Unions, says: "Everything depends upon production. Standards of living cannot be raised, nor can existence be maintained unless mankind accepts this contention. Eloquence, rhetoric or legislative action, whether acting separately or collectively, cannot make the corn grow or build houses, or feed children or clothe humanity. Only working and thinking can provide the things essential to life and comfort."

Prosperous industries and prosperous workers make prosperous communities. Canadians should give effective preference to Canadian goods over imported products. If the Canadian public will patronize Canadian industries as a national duty under present difficult conditions the dangers of the price readjustment period will be reduced to a minimum and the increased demand for Canadian-made products will enable Canadian factories to produce at minimum unit cost and sell at the lowest possible prices.

Industries abroad with resources far greater than those of most manufacturing establishments in Canada are looking to the Dominion to absorb their surplus production. Meanwhile, Canadian industries are debarred from many markets abroad by high protection duties. If a substantial part of the limited Canadian market is secured by outside industries, the reduced demand for Canadian-made products must result in higher unit production costs, lower output, and reduced employment in many Canadian factories. Adequate tariff protection is vital for Canadian industries employing Canadian labor.

Exchange increases prices. It raises the cost of manufacturing in Canada and adds to the difficulties of industrial employment for Canadian workers. Coal, cotton, iron and steel products, and oil, enter largely into the cost of production of most commodities and services. In buying such commodities from the United States, Canadians have to pay a substantial premium on account of the decline of Canadian money. Each purchase encourages higher prices and a higher exchange rate.

Exchange is three times as high as it was a year ago. Early last February the premium on New York funds amounted to 17½ per cent. It threatens to go still higher this Winter and next Spring unless effective remedies be applied. Those remedies, if applied at all, must be applied consciously and as a matter of both national duty and self-interest by the people of Canada whenever they spend money. The merchandise trade balance is running against us to the amount of between \$20,000,000 and \$30,000,000 per

month. If we include interest on obligations abroad and other items in the account, Canada has an adverse balance of trade which at the present time is running at the rate of more than \$400,000,000 per year.

The discount on Canadian money is a warning that our trade situation is unhealthy and overbalanced. The great volume of imports into Canada, if it continues, means unemployment for Canadian workers, idle Canadian factories, and a higher cost of living for Canadians generally. World conditions make impossible any large, immediate expansion of our export trade. The only way in which any permanent correction can be effected in exchange is by reducing imports into this country, by supplying demand with Canadian products instead of imported goods. A national Made in Canada campaign is needed to combat high prices, to reduce exchange, and to ensure employment. These needs can be accomplished if :-

1. Individuals, business interests, and municipal and legislative bodies give effective preference in their purchases to Made in Canada goods.
2. Adequate tariff protection is retained to ensure a large proportion of Canadian buying demand for Canadian products, thus encouraging quantity production and establishing low unit costs.
3. Employers and employees co-operate to supply the Canadian public with Canadian-made goods of the best quality at the lowest prices at which they can be economically produced.

The Canadian Council of Agriculture in its official platform proposes that direct taxation should be imposed:-

"(a) By a direct tax on unimproved land values, including all natural resources." Western Grain Growers who claim that Canada should be collecting \$200,000,000 annually by income taxation must realize that under the New Zealand system on which they appear to base their arguments this country would have to collect an annual land tax of more than \$53,000,000 and that as in New Zealand and Australia the larger part of such a levy would have to be assessed against farm lands. Such land tax would mean on the average a direct Federal levy of more than 30 cents per acre, for every acre of farm lands, or a tax of between \$40 and \$50 per year on every farm in Canada, in addition to all taxes already paid. If capitalized, the tax would reduce the value of the average farm by from \$500 to \$1000. On the larger farms the tax would, of course, be much larger than the average for all Canada.

"(b) By a graduated personal income tax." A levy of this kind already is being collected by the Dominion Government under the Income War Tax Act 1917, with rates which are higher than those in the United States and which the Council of Agriculture admits cannot be wisely increased.

"(c) By a graduated inheritance tax on large estates." All the Canadian Provinces already are collecting heavy succession duties or inheritance taxes and encroachment by the Federal authorities upon this revenue source, as well as upon the income tax field, would be opposed and resented by the Provincial Administrations. Moreover, the consequences of taxing inheritances at higher rates than those in force in other countries and, particularly, in the United States must be considered, especially at a time when Canada needs new capital to assist in its development. Again, experience in Great Britain and elsewhere has been that to an increasing extent insurance is taken out to protect estates against succession duties and that the inheritance tax tends to become, in effect, an additional income tax.

"(d) By a graduated income tax on the profits of corporations." Such a tax is being collected under the Income War Tax Act and the Business Profits War Tax Act, with rates higher than those in the United States.

It will be seen that the only new taxes proposed by the Council are the inheritance tax, which already is levied by the Provinces, and a Federal Land Tax, the larger part of which would have to be borne by the agriculturists.

The Canadian Council of Agriculture declares that a substantial saving in the cost of collecting revenue would result from substitution of direct taxation for the present fiscal policy. The cost of collection of Canadian customs revenue was 2.51 per cent in 1917-18 and 3.13 per cent in 1918-19. The cost of collecting the British

Income tax in 1918-19 was close to \$15,000,000, or approximately 1 per cent. The tax on incomes under £250 costs no less than 7½ per cent to assess and collect. The British Income tax is administered by thousands of officials in a great organization developed by several generations of experience. If that experience teaches anything, it is that income tax administration means a large and expensive organization and, even with such organization and a century's experience, it is officially admitted that \$50,000,000 annually is lost through evasion, while Sir Leo Chiozza Money estimates that evasion of Income tax (and super-tax) keeps as much as £100,000,000 from the Treasury annually. With administrative problems far more difficult than those in the United Kingdom, with a tremendous area and sparse population to cover, and with a much smaller revenue to be collected here, Canada's income tax expenses under a thorough system cannot be expected to be much under 3 per cent. Moreover, it must be recognized that a collection of \$200,000,000 by direct taxation of incomes would not make possible the entire abandonment of tariff revenue. But even if this country went on a free-trade basis, customs organization still would have to be maintained practically in its entirety. No doubt some reduction in staff would result, but the saving would be much smaller than the Canadian Council of Agriculture appears to contemplate.

Then, too if income taxation were elevated to the foremost place in the Canadian revenue system, there is reason to believe that it would prove disappointing to those who look to direct taxation to correct injustices in the present system and provide an ideal revenue source. Wherever the income tax has been employed it has been accompanied by evils at least as flagrant as those found under almost any other revenue system. The income tax has been in force in the United Kingdom, except for periods, from 1779, and yet in 1905 Mr. Stoodley, one of the Secretaries of the Board of Inland Revenue, admitted that the Department was in possession of evidence, "showing that grossly insufficient returns, or no returns at all, were made over long periods of years with impunity, the probability of detection being slight, until some event occurred to bring the facts to light, such as the death of the taxpayer, the conversion of a private business into a limited company, or a claim being made for compensation for disturbances based on the profits." The minutes of evidence before the British Royal Commission on the Income Tax, 1919, are replete with grievances of inequitable incidence. Salaried workers complain that they suffer by reason of evasion of the tax by those who are better able to escape their rightful contribution. Industrial interests protest that the agriculturists are not taxed in proportion to their ability to pay. There has been wide-spread dissatisfaction that large numbers of artisans, earning good incomes, pay no tax. The fact that foreign producers, paying no income tax to the British Government, are able under the present fiscal policy of the United Kingdom to profit by the British market, in competition with British producers who are taxed upon their entire earnings, has caused much irritation. Direct taxation in Great Britain--and there it has found its highest development--is far from free of anomalies and imperfections. After reading the evidence before the Royal Commission one may well question from considerations alone of the efficiency in revenue collection, approximate equity in distribution of the burden of taxation, and the mildness of incidence (especially in view of the fact that in many cases import customs duties are absorbed wholly or in part by the exporter) whether the customs tariff is not preferable to the income tax as a means of collecting a large part of the national revenue.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

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November 30, 1920.

FOR RELEASE upon receipt

Under the stimulation of protection there has been a remarkable development in the Canadian tobacco industry in the last twenty-five years. Speaking before the Tariff Committee at Quebec, Mr. Jos. Picard, Manager of the Rock City Tobacco Company, pointed out that twenty-five years ago practically all the tobacco used in Canada was foreign-grown, imported either in the leaf or in manufactured form, while the production of raw tobacco in Canada was very small. In 1897 in addition to the excise stamp tax in effect at that time, the Government imposed a duty of 10 cents per pound on imported leaf. Under the encouragement thus afforded, Mr. Picard said that the amount of Canadian raw leaf taken for use in tobacco and cigar manufacturing plants in the Dominion increased from 551,684 pounds in 1896 to 5,572,687 pounds in 1908, while the amount of foreign raw leaf taken for use in the same factories advanced only from 10,773,741 pounds in 1896 to about 15,000,000 pounds in 1908. In that year, the import duty on foreign leaf was increased from 10 to 28 cents per pound, with the result that the amount of Canadian tobacco taken for use in the Canadian tobacco and cigar manufactories still further increased from 5,572,687 pounds to 10,848,385 for 1914; while the consumption of foreign leaf increased only from 15,000,000 pounds to 18,775,803 pounds in 1914. In 1918 the duty on foreign leaf was still further advanced to 40 cents per pound.

Under the stimulus thus afforded to the Canadian tobacco growers by the tariff, production has been tremendously enlarged. From practically nothing twenty-five years ago, the production for all Canada increased to about 22,000,000 pounds in 1919. Estimates for this year place the production of burley tobacco in Essex and adjacent counties in Ontario between 19,000,000 and 20,000,000 pounds, with between 1,500,000 to 2,000,000 pounds of tobacco of the Virginia type. The production in the Province of Quebec is estimated this year at about 12,000,000 pounds, all of the cigar type. The Canadian tobacco crop last year was in excess of the requirements of the Canadian market and this year again there has been a large over-production, unless the use of Canadian leaf is greatly extended. As a result of the protection afforded to the Canadian tobacco grower, he has been receiving approximately 10 cents per pound more for his product than the grower in the Southern States gets for tobacco of similar quality, and last year the value of the Canadian tobacco crop was estimated at \$9,000,000. The consumption of tobacco in Canada at the present time is approximately 35,000,000 pounds a year.

Emphasizing the value of the Canadian tariff in securing the establishment in Canada of branch factories of United States firms, Mr. O. H. Coté, Industrial Commissioner of Quebec city, told the Tariff Committee that since his appointment in April last he had communicated with no fewer than 30 different manufacturing firms in the United States desiring to locate branch factories in the Province. "It is an admitted fact to-day," he declared, "that the American industries which are looking forward to establishing branch factories in Canada are forced to do so owing to the protective tariff now existing. . . . If we want our American neighbors to continue the movement started some time ago and come to Canada and establish branches of their factories, the admitted reason for their doing so must not be removed."

A concrete example is furnished by the Julius Kayser and Company, Ltd., of Sherbrooke, Quebec. This branch of the New York company of the same name was established in Canada in 1914 and now has an investment of approximately \$800,000 in Sherbrooke where it is operating two plants manufacturing silk gloves, hosiery, and

chamoisette gloves. Their representative, appearing before the Committee, said: "The tariff was the determining factor in bringing our industry to Canada, and had it not been for the Canadian customs duties it would have been to our advantage to have supplied the Canadian market from our factory in the United States. In addition to our plants, another large branch of an United States silk manufacturing concern has been brought to Canada and is now operating at Niagara Falls, Ont."

Refuting the contention that Canadian manufacturers' prices are determined by the amount of protection which they enjoy and not by costs of production, Mr. F. W. Stewart, President of the Montreal Branch of the Canadian Manufacturers Association, appearing before the Tariff Committee in Montreal, said: "A careful study of prices of goods made in Canadian factories as against goods of similar quality and standard in other countries, will prove that Canadian manufacturers have not taken advantage of the tariff to mark prices on their product as high as possible. Investigation will show that selling prices of Canadian manufacturers are invariably based upon cost of production. Competition if nothing else, would control this condition.

High prices curtail volume of business.

Low prices stimulate and create larger sales.

Larger sales mean greater production.

Greater production means lower cost of production.

Lower cost of production means lower prices.

"Production and more production is what all manufacturers strive for, for it means placing the manufacturer in a better position to meet competition. With the large number of industries in Canada, and small population to consume their output, every manufacturer must fight hard for the business he secures, and statistics will show that a very considerable percentage of manufacturers who start in business in Canada do not survive on account of not being able to profitably meet competition. We wish to emphatically refute charges made in certain sections of our country that prices of products of Canadian factories are regulated by the tariff and not by cost of production, and we beg to draw attention to the fact that, after circulating these charges for many years, those who made them did not produce evidence in support of their statements at any of the previous sittings of this Commission."

In conclusion, Mr. Stewart said: "The manufacturing interests of the city of Montreal reaffirm their conviction that the prosperity and continued development of the Dominion will be safe-guarded and advanced by the maintenance of adequate tariff protection for the manufacturing industries of this country. They believe that protection which is not high enough to be effective is worse than useless. They base their case for continued protection, not on individual, but on national grounds and unreservedly accept the principle that any tariff item which cannot be justified on national considerations ought to be eliminated. But they also believe that the principle ought to work both ways and that in case any present duties are found to be inadequate to promote the development of desirable industries, such duties should be increased. What is best for Canada is best in the long run for the manufacturers, as it is also best for every element in our population. As you undertake your revision of the tariff, we ask nothing more than that such revision be dominated and directed by the question, 'What is best for Canada?'"

The economic relationship which exists between agriculture and industry was emphasized at the hearing of the Tariff Committee in Montreal when Mr. Jack McAvoy, speaking for over 3,000 members of the Market Gardeners' Association of the Province of Quebec appealed against any reduction of the tariff on vegetables, fruit, and early products of every kind produced in Canada. "We realize," he said, "that the presence of industrial workers in Montreal is essential to our existence, and we believe likewise that our activities in our market gardening in the vicinity of Montreal are beneficial to the industrial workers by giving them better and fresher vegetables at lower prices than they would have to pay were we not operating as we do."

"Before 1907 market gardening had made very little progress in this vicinity with the result that city consumers had to depend to a great extent upon importations to furnish their requirements. As the Commission is aware, the tariff revision of 1907 placed a duty of from 20 to 25 per cent on vegetables and market gardening products generally. Immediately after this was done a marked development commenced to take place, and at the present time there are in this vicinity 3000 market gardeners who employ 15,000 farm hands during the entire year and 75,000 during the busy season. They have over \$1,000,000 invested in hot houses, over \$1,500,000 in hot beds, and over \$800,000 in the rolling stock necessary to market their output. There are rarely fewer than 700 market gardeners' rigs at the Montreal market which is held daily, and this number frequently rises to over 1500.

"With the competition provided by the 3000 market gardeners in this vicinity the consumer is amply guarded against unfair prices, but as an inducement for us to remain in our present business, we must have the guarantee of our home market against heavy shipments which might be made from the United States in periods of over-production there, and which if sold at sacrifice prices, as might likely be the case, would take away from us the profits upon which our existence depends.

"Our prices compare favorably with the prices charged by market gardeners in their home market across the International boundary, and with this being the case, the Commission will see that the consumer is in no way penalized for the protection which we enjoy.

"Much of our rolling stock and other equipment is protected by tariff duties, and against this policy on the part of the Government, we have no complaint to make, as we realize thoroughly that our output can be profitably sold only if industrial expansion takes place in Montreal."

A striking example of the close relationship between industrial development and agricultural prosperity was presented to the Tariff Committee at Quebec city by Mr. J. H. Fortier, representing manufacturers in that Province, who cited the case of the Chicoutimi and Lake St. John district, which has been settled and developed within the last thirty to thirty-five years. "In this district" he said, "there are numerous farms of from 150 to 250 acres each, which find ready purchasers at prices ranging anywhere from \$25,000 to \$100,000. This rapid increase in farm values was caused by the establishment of several large industrial concerns in the district, including the Chicoutimi Pulp Company, Price Brothers, the Kenogama Pulp and Paper Mills, and the sulphite mills at St. Alfonse, together with a number of lumbering mills. There has never been any emigration from this district such as has occurred from districts where there were no manufacturing plants and the contrast between farm values in the Lake St. John district, where large industries are operating, and in the Eastern townships, where there are no such industries of large importance, is a striking demonstration of the value of manufacturing activities to the farmers. The industries of the Lake St. John section provide a market at high prices for all the products of the farms nearby, and afford employment for those who are not needed on the farms during slack seasons. The young men and women who prefer industrial to agricultural occupations, have been absorbed in all-year round employment at good wages in the pulp and paper mills. Moreover, in this district, the natural resources of the Province are being developed and the products of the district are being carried through to the final processes of manufacture in this country instead of being exported in the raw state."

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

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December 7, 1920.

FOR RELEASE

upon receipt

A feature of the hearings of the Tariff Committee has been the frequent testimony to the value of the Canadian tariff in stimulating American investment in Canada. The Bankers Trust Company of New York says that while there are no available statistics as to the amount of American capital invested in the Dominion, it must run into millions. "There are said to be in Canada some six hundred American owned plants. The Americans have invested large sums in Canadian government, provincial and municipal securities. It is estimated that our people to-day have invested in Canada upwards of \$1,250 million as against about one-fifth of this amount in 1914. The sums annually payable to our citizens for interest, profits, freights, insurance, and so forth, probably now aggregate or perhaps even exceed \$75 million a year."

As the tariff has stimulated industrial development in Canada and attracted British and foreign investment, so any revolutionary fiscal action would destroy industrial stability, while free trade would mean the absolute ruin of many Canadian manufacturing establishments, wide-spread unemployment and acute national distress. Industry after industry has testified before the Tariff Committee that denied protection they could not survive against outside competition. For instance, Mr. A. H. Brittain, General Manager of the Maritime Fish Corporation, Limited, at the Halifax hearing of the Tariff Committee, said:-

"Speaking only for the Maritime Fish Corporation, Limited, although I think I also express the attitude of the other fish companies as well, let me state that it is my deliberate conviction that if the Canadian tariff duty on fresh fish be removed there is no business alternative open to me but to dispose of our fixed investments in the Maritime Provinces for what they will bring, transfer our movable property to a New England port and from there endeavor to build up business in the United States, to supply the Canadian market from there, and also to develop trade with the Mediterranean countries and South America. Under free trade conditions in the fishing industry, the companies would be much more favorably located in the United States with the assured market represented by the population of that great country, with the further advantage of free entry into the Canadian market, rather than in Canada with the possibility of being shut out at any time from the United States."

In the course of his appeal to the Tariff Committee for the appointment of a Tariff Board, Mr. J. T. Foster, President of the Trades and Labor Council of Montreal, emphasized the fact that there was no subject of such vital importance to the life of the Canadian workman as the tariff question. "We are fully aware of, and widely awake to, the fact," he said, "that we depend for our existence upon the development and expansion of the Canadian industrial establishment. We consider it is our heritage, our alienable right as citizens of the Dominion to build our homes and to plan for the future in the rearing of our families on Canadian soil. We believe that it is the duty of our Government to so manage our fiscal policy that the Canadian workman will not be compelled through idleness in industry to migrate to foreign lands to find employment and earn his living. . . .

"Just at the present we are in the usual dilemma of tariff excitement. There is a great contraction in industry. There is a spreading unemployment. The plans are unfolding for a real tariff conflict. We view the western campaign for indiscriminate tariff reduction and for free trade with considerable alarm. We protest that our connection with industry is more intimate than that of the western farmer. Many of us have worked in American industries. We realize the vastness of their wealth, their

tremendous industrial organization, their huge commercial ramifications. By experience we have learned to appreciate the comparative development of Canadian with American and foreign industries. We fully realize that Canadian industry needs to be protected exactly the same as American industries have been protected if we are to be in a position to compete, but we desire that the method of applying protection shall be scientific, based upon calm research and free from a political tinge.

"We admit and declare that the tariff cannot be taken out of politics, that the fiscal policy is an affair of the Government and we assert that the institution of an advisory scientific tariff board is not an infringement, is not an usurpation of the powers of Government because it merely gathers the data, conducts the research, advises the Government and makes recommendations. There is no need of political furor to convince us of these facts. We do not intend to destroy the industries of Canada which have been built up by the labor of our hands. Quite on the contrary, it is our heartfelt wish to see them expand and grow. We simply believe that there is a much better way than the political campaign way to determine exactly what measure of protection our industry needs in order that it may reach its maximum development, employ the greatest number of Canadian workmen, maintain wages and offer a higher standard of living, and so bring prosperity to all Canadians. For these reasons we request the Government to earnestly consider our recommendation for a Permanent Advisory Tariff Board."

Mr David Giroux, who appeared before the Tariff Board at the same hearing on behalf of the Canadian Federation of Labor and its seven thousand members, believed that Canada "should go on record on the fiscal question as completely as the Republican Party has done in the United States. . . . Under protection the United States has developed. When French, German, and English manufacturers could not send over their merchandise they came to the United States, built plants, and manufactured their goods under that protection. If we adopt such a policy the same thing will occur in Canada."

The statement of the Supply Dealers' and Manufacturers' Section of the Builders' Exchange in Montreal was one of the shortest submitted to the Tariff Committee, but few better statements have been presented to Sir Henry Drayton and his colleagues. "We are instructed," said the Secretary, "to state that it is the opinion of this section that the tariffs presently in force in the Dominion are of the greatest benefit not only to the building trades of Canada but also to the people of Canada generally.

"You will have noted, Mr. Chairman, that after agriculture the building and allied and subsidiary trades of the Dominion rank next in importance having in view the amount of capital invested, the number of workers who are employed at wages which compare favorably with those paid in other trades demanding equal skill and experience, and the benefits conferred by its units on the individual members of the community.

"The operation of the present tariff system has constrained many foreign firms to build and equip here plants which have had incorporated into their structures materials of Canadian origin and manufacture, and which have during their erection given remunerative employment to thousands of Canadian mechanics. The operations of these plants have in the past furnished thousands of other workers with steady work at steady wages, while the manufactured products turned out by them have satisfied the needs and gratified the desires of the people of the Dominion. The province of Quebec, for example, has developed immensely through American Business organizations establishing plants here. Towns and villages have been established and developed while the surrounding farming communities have been enabled to secure ready, convenient and constant markets for their products.

"Again, at the present time there is a very serious shortage of employment. There is a surplus of skilled mechanical labor in town and country, and thousands of men are out of work in various industrial centres. Adequate protection of our industries is absolutely essential to the progress of this country; and in our opinion no industry would be more vitally affected by any change in the present tariff system than the building industry, and we consider this is not the time to effect any material change in our tariff rates."

The little city of St John's, Quebec, had a population of 4,200 in 1904, with 10 manufacturing plants. To-day it has no less than 17 manufacturing plants, among the new ones being such important companies as the Singer Manufacturing Company and Shutt, Peabody & Company. Its population is 8,200 and its City Attorney came before the Tariff Committee at Montreal to tell them just what its industrial development had meant to the community. "I am speaking for the town," said Mr. Jacques Cartier, "before the manufacturers came to St. John's we were practically stagnant. The great improvement that has taken place since then is essentially due to important manufacturing concerns that have been established there."

SIR HENRY DRAYTON: How are the farmers doing?

MR. CARTIER: They are doing splendidly. They are more than paying the mortgages on their farms. They are putting money into the bank; the deposits in the banks are increasing in a way that is really extraordinary.

SIR HENRY DRAYTON: From farmers?

MR. CARTIER: From farmers especially.

SIR HENRY DRAYTON: You say they are now paying their mortgages. Do you mean they are paying their mortgages off?

MR. CARTIER: Ten or twelve years ago lots of farms were mortgaged to secure the balance of the sale price. These mortgages have been paid and they are putting money in the bank. They are the largest depositors. I know one bank in the city of St. John's which has actually more than \$1,000,000 in deposits practically all from farmers.

SIR HENRY DRAYTON: From farmers? How about the value of farm lands?

MR. CARTIER: Farm lands have greatly increased in value. Sales at from \$7,000 to \$8,000, and sometimes \$10,000, and more than that are of daily occurrence.

SIR HENRY DRAYTON: How much more is that than the sales ten years ago?

MR. CARTIER: There has been a forty per cent increase if not more.

The Manchester Chamber of Commerce has passed a resolution declaring that no American cancellations in cotton goods could be accepted in cases where contract terms had been kept on the Lancashire end. Commenting on this, the Boston News Bureau questions if "cancellitis" has not reached such proportions as to become a menace to business stability, both nationally and internationally. "The Head of the Manchester Chamber of Commerce," it says, "has a right to emphasize the basic principle involved: 'There can be no confidence in stability of trade, either between individuals or between countries, unless the sanctity of contracts be maintained.' Business reposes upon confidence; confidence upon integrity." It points out that the plea of necessity, so generally used to justify cancellation "somewhat resembles that which the Teuton advanced in a different case of word-breaking--the invasion of Belgium."

"Often in human affairs it is not comfortable to keep a bargain's terms. But difficulty is poor excuse. As Dean Briggs, of Harvard, once observed in discussing the ethics of the general proposition of word keeping: 'It is dangerous to trifle with the standard of truth.'

"In securities there is no thought, even in panics, of bargain breaking. Why should there be in commodities? Many men have 'failed,' and the toiled on to pay debts; but did not 'fail' morally. Character, as Mr. Morgan observed, regarding collateral, is the final test. All the loans of a bank are based on the keeping of the word.

"Isn't 'cancellitis' an insidious lowering of our commercial code? If it went far enough, would it not undermine the entire stability of business?"

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

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FOR RELEASE

upon receipt

While the country is experiencing a reaction from extreme prices, there are numerous economic factors which justify industrial and commercial confidence:-

1. Reductions in the prices of goods by retailers have stimulated purchasing.
2. Wages still have a purchasing power as great as during the war.
3. The ultimate customer is purchasing almost as freely as under normal conditions.
4. Stocks are being steadily reduced.
5. The immediate situation is due in great measure to dumping on the market, particularly in the United States, of accumulated stocks of goods which after all represent only a small percentage of current requirements for consumption.
6. As soon as these surplus stocks have been absorbed, production must be continued on a basis which will give reasonable returns to producers.
7. It must soon be necessary to place orders for Spring business in cases where these have been withheld until more settled conditions were established.
8. Costs of manufacture will be reduced to some extent by cheaper raw materials.
9. Reduction in the cost of production will enable manufacturers to reduce prices.
10. There is no weakness in the financial situation.
11. When the strain of crop moving has been lessened the banks will be able to maintain credits and extend even greater consideration to customers.
12. The reserve purchasing power of the Canadian people is very great.
13. Bank savings deposits exceed \$1,250,000,000, almost double the amount of such deposits six years ago.
14. Hundreds of millions of Victory Bonds are held in the Dominion, interest on which is paid to Canadians and the money turned into productive business channels.
15. The interest upon a considerable volume of Canadian securities purchased by Canadians during the war is now also paid and distributed in Canada.
16. Great Britain owes to the Canadian Government and the Canadian banks over \$150,000,000 which is to be repaid at the rate of \$5,000,000 a month for the next six months, and \$10,000,000 a month thereafter.
17. Depreciation of the Canadian dollar is costly to the Dominion, but exchange favors home purchases of Canadian-made goods and this retains capital in the country which otherwise would go to the United States.
18. The state of exchange also encourages United States investments in the Dominion and at least a portion of the profits on such investments is invested in this country.
19. Exchange gives Canadian manufacturers an advantage in export markets over the United States and in comparison with pre-war figures Canadian export trade has been well sustained.
20. Canadians are heavier bondholders than ever before, and these bonds represent additional reserves of capital.
21. During the last nine months 100,000 emigrants have entered the country. Many of these have capital and at once become consumers of Canadian manufactures and farm products.
22. It is stated that 10,000 British tenant farmers may come to Ontario in the Spring.
23. The Western Colonization Association is meeting with great success in its movement to encourage settlement in the Prairie Provinces and has already raised nearly \$1,000,000.

24. It is certain general immigration will increase as steamship accommodation becomes available.

Not only is there assurance of a higher and more aggressive tariff under Republican administration in the United States, but even in the Democratic South there is a growing movement for a protective tariff. In its "March of Events" column, under the heading "A Southern Demand for a Protective Tariff," the World's Work says:-

"The days have indeed gone when the Southern planters, headed by Calhoun, made the halls of Congress resound with their denunciations of the tariff robbers of the North, and when South Carolina threatened to secede, not on the issue of slavery, but on the issue of a protective tariff which had been passed in the interest of Northern manufacturers. A Southern Tariff Convention, of which the leading spirit was John M. Parker, Governor of Louisiana, has recently been held in New Orleans. Its aim was to recommend to the Tariff Commission and to Congress a tariff schedule on Southern products that will equalize the cost of production with that of foreign countries.' The Manufacturers Record of Baltimore, a publication which is devoted to Southern interests, supports this policy, and is now pushing an aggressive campaign intended to provoke the South to a demand for a protective tariff. It appeals particularly to agricultural interests such as the cotton growers whose product competes with the Egyptian crop, and the peanut producers, who, it declares, are approaching ruin as a result of Oriental oil products. To these, says this publication, the campaign of the Southern Tariff Convention, 'if intelligently directed, is potentially of almost as much importance to the South and to the nation as was the invention of the cotton gin.' It scorns the assertion of leaders at the American Cotton Association's Convention that 'it was hoped through manipulation of the pure food regulations, by branding the origin of oil on containers, and methods of that sort' to defeat foreign competition, and declares that 'there is not enough political power or political sentiment or political history to hold Southern agriculturists much longer to allegiance to obsolete economic practices which pauperize and enslave them.'

"Whatever may be thought of this movement from an economic standpoint, politically it is certainly suggestive. The issue which this movement proposes is the one which for sixty years has formed one of the main planks in the political party which has very little strength in the Southern States. It is the issue to which the only party which counts for much in that section has always been opposed. Yet the leaders of this movement repudiate the suggestion that the South must embrace the Republican Party in order to obtain a protective tariff on cotton and peanuts. 'If it be said that the South must vote for free trade and misery or accept Negro domination, it is so stated for political purposes.' Is it then expected that the party of Grover Cleveland will adopt protection in order to hold the South in line? The present is a time of political contradictions; and among these the demand of the South for a protective tariff on two of its greatest products is not the least significant."

With the German mark worth less than two cents in Canada where its pre-war value was nearly 24 cents, German competition is already making itself felt in many Canadian industries and the menace for the future is pronounced. German salt industries recently quoted prices in Montreal over thirty per cent below those of Canadian plants. The Canadian toy industry is seriously threatened. The Canadian iron and steel, hardware, cutlery, musical instruments, drug and chemical, fertilizer, brush, and other industries have already been affected. The markets, for instance, which the Canadian brush industry had succeeded in developing in the United Kingdom, the United States, Australia, Newfoundland, British West Indies, British South Africa, Portuguese East Africa, the Argentine, Colombia, Venezuela, Java, China, Cuba, and other countries, have been practically wiped out owing to the international exchange situation and, further, the Canadian market itself is being seriously threatened by importations of Belgian and German brushes made by cheap labor.

The discount on Canadian funds in the United States has been rising since early fall and is now within a narrow margin of the "peak" which was reached last February at slightly over 17 per cent. An exchange rate of 20 per cent or more before Spring seems not unlikely. Exchange discount is, of course, not an unmixed evil inasmuch as it deters imports and encourages exports. It is a natural penalty for buying more than we can pay for. It operates to discourage imports by increasing the cost to us of imported goods. The most unfortunate feature of the situation is that when a high exchange discount on our money becomes necessary, in order to force us to curtail imports of non-essential goods by increasing the cost, the cost of essential goods, such as fuel, cotton and oil, are increased in proportion as well. Exchange does not discriminate between luxuries and necessities and there is a far better way in which the over-balanced condition of our trade account can be corrected than allowing exchange so to raise the prices of all imported goods as to reduce purchases. If the Canadian people will only realize the seriousness of the situation they may apply the necessary remedy at a lesser cost to themselves. By voluntarily restricting our purchases of imported goods wherever possible, we can keep down the discount on our money in the United States and thereby help to reduce the cost to us of indispensable imports. Refusal to buy imported goods except absolute necessities surely is a more rational way of dealing with the situation than depending upon a high exchange rate to increase the cost of all commodities, both essentials and non-essentials.

Dealing with the same subject, under the heading of "Putting Exchange 'in Wrong,'" The Home Bank Monthly says: "There is said to be a disposition among merchants in American border cities to accept Canadian money at par, or at a flat rate something below the prevailing quotations for New York funds. When this announcement was first made it was welcomed in some quarters as heralding an improvement in the conditions governing exchange. As a matter of fact the acceptance of Canadian money by retail merchants in the United States at par, or at a reduced discount, instead of reflecting a levelling up of the balance of trade is to be regarded as a provocation to increase the growing balance against Canada and send exchange to a still higher figure in the international audit of accounts.

"If exchange is at 10 per cent against Canada and a merchant in Buffalo, or Detroit, or elsewhere along the border line, takes a Canadian dollar at par for his advertised dollar's worth in the United States, it simply means that he has sold at a reduction of 10 per cent off his regular price.

"Of course if the American merchants were giving this inducement in order to get a little Canadian money together to bring over to Canada and spend here, the transaction would ultimately have a favorable bearing on exchange. But that, it happens, is not the merchant's intention. If it were he could buy Canadian money more cheaply in a direct transaction of exchange. He does not offer to accept Canadian money at par because he particularly wants it, but he would rather take it at par than hold goods in stock which are not moving out to his regular American customers.

"The rate of exchange against Canada cannot be lowered by buying bargains with Canadian money in the United States. The terms make no difference. If one could buy a dollar's worth of American goods for a Canadian ten-cent piece the transaction would only add its moiety to the adverse balance of trade between the two countries, unless the purchase from the United States might be resold into that country again at some future date and at an advance upon the original price.

"Exchanging made-in-Canada dollars for over-stock made-in-United States-goods only substitutes the Canadian dollar for the surplus commodity it purchases. It requires no involved calculation to show that this form of exchange cannot improve the status of the Canadian dollar in the United States."

The Directors of the Missouri Farmers Association have issued a statement advocating a protecting tariff "against the importation of cheap wheat, grain, wool, hides, and other similar farm commodities."

CANADIAN RECONSTRUCTION ASSOCIATION

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R. 88.

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The Independent Labor Party has theoretical views on protection conforming to those of the Canadian Council of Agriculture but there is a sound body of working opinion in Canada which has no patience with economic experiments and fiscal fallacies. At hearings of the Tariff Committee all over the Dominion important labor representatives and individual workers have appeared to urge retention of an adequate tariff. At a recent hearing at London, Ont., for instance, Mr. E. L. Lancaster, Master workman, living in St. Mary's, urged that any change in the tariff affecting manufacturers was bound to affect workers. "In our town," he said, "about 80 per cent of the residents own their own homes and it would be a conservative estimate to say that probably from 55 to 60 per cent of the workers own their own homes. Anything that is conducive to the life of the manufacturer is also conducive to the life of the laborers or workmen. Anything that would tend to the demoralization of our manufacturing industry would lead to unemployment and demoralization amongst the men because it is bound to have that effect in any industrial centre. Unemployment, by cutting off wages, leads to poverty and crime.

SIR HENRY DRAYTON: You appear for the industrial workers?

MR. LANCASTER: Yes, I speak for the industrial workers.

So, Mr. Wm. McCulloch, who appeared for the furniture workers of Stratford, said: "I feel that I am expressing the opinion of the majority of workers in our city when I say that we think the Government should take no steps at the present time to interfere with the tariff in any way. We feel that protection in our line particularly is absolutely necessary for our own success as well as for the success of the young industries in which we are engaged. I do not believe that any line in Canada today has had any keener competition to contend with, from our American competitors, than our wood-working line, particularly the furniture industry, and we workers who are striving and struggling to make homes for ourselves feel that the removal of protection - which means protection to us for our livelihood - would place in our minds that fear of the future which would seriously reduce our effectiveness as workers."

The industrial history of Hamilton illustrates in a striking manner the practical value of the tariff in stimulating foreign investments in Canada. To-day there are no fewer than 53 branches or former branches of United States firms in the city representing an estimated capital investment of over \$66,000,000, employing nearly 12,000 hands, having a total pay roll of over \$16,500,000, and producing products annually to the value of over \$61,000,000. "But for the tariff," Mr. George H. Douglas, Chairman of the Hamilton Branch of the Canadian Manufacturers Association, told the Tariff Committee, "these firms would have supplied Canadian trade from parent institutions in the United States. The imposition of duties on their goods forced them to establish plants in Canada if they wished to maintain their markets here. We believe from information furnished to us that if the tariff were removed the majority of these branches would either be withdrawn or be limited to the functions of distributing warehouses for the parent plants of the United States."

Welland claims the largest per capita growth in the Dominion of Canada in the past nineteen years. It attributes its growth to industrial development. Of its 18 industries no fewer than 13 represent or originally represented American capital. "The management of these plants," Mr. Vaughan of the Vaughan Seed Company, assured the Tariff Committee, at a recent sitting, "have come over here and to-day we find nearly all of them good Canadian citizens. We feel that the growth of Welland is largely due

to the protection afforded by the tariff of this country because we had the same famous Welland canal long before these industries came, the same railways and the same facilities. The American manufacturer, seeing the market in Canada, came over and naturally located at Welland. The fact of these industries coming to Welland has also changed the surrounding country which has always been a farming country. To the south it is clay and to the north it is the garden of Canada. It is here that the majority of the nurseries are located. These farm lands have been enhanced in value from the very fact that these American industries have located in Welland. Farm land has had at least an average increase of 100 per cent over the value of 1900. In some sections it has changed from farm land to industrial sites and of course in those sections the increase is much more. But the fact remains that the centralization of these industries at Welland has opened up such a market for the surrounding country that it is impossible to supply the needs of the community in many cases to such an extent that many of these industries have had cars of potatoes brought from outside points to supply their employees. What has happened in Welland in recent years is largely the equivalent of what has happened in St. Catharines."

Owing to industrial expansion, the City of Stratford has practically doubled its population in the last twenty years. Farm lands have increased in value and banking facilities have been doubled. Such was the testimony of the Mayor of the city when he appeared before the Tariff Committee. "Unfortunately, however, we have at the present time an alarming increase of unemployment," he told Sir Henry Drayton and his colleagues, "and many attribute the present depression in trade to the agitation regarding tariff reduction. Over 85 per cent of our people own their own homes; a very considerable proportion of these are directly or indirectly dependent upon our industries for employment. My belief is that a larger number of our people own their own homes than in any other city. We feel sure that no one would desire such a change in our fiscal policy as would impose upon them the necessity of sacrificing their homes and being compelled to move their families and start life over again. A representative civic deputation appeared before the committee with the Mayor, among them being Mr. S. J. Monteith, a farmer born near the city and engaged in mixed farming in the neighborhood. Mr. Monteith's evidence was of peculiar value as being a practical expression of agricultural opinion as contrasted with the theoretical tariff views of the Canadian Council of Agriculture.

"My observations during the past number of years from the standpoint of an agriculturist," Mr. Monteith told the Committee, "have led me to believe that the protective policy as now in operation has been a benefit to the farming industry of Canada, and that the maintenance of some such policy is essential to the continuance of the prosperity enjoyed by the average man engaged in the cultivation of the soil.

"My reasons for believing as above are as follows:

1. The average land valuation in the last 20 years has increased in my community from 15 to 40 per cent due to increased value from the soil.
2. There are 30 per cent fewer mortgages on farms surrounding Stratford than there were 20 years ago. I attribute this largely to the fact of having a protective tariff.
3. One of the main things secured for the farmer by a protective tariff is a home market.
4. In order that we as farmers may enjoy national prosperity, I feel that all classes should prosper. The more manufacturing industries we have the better for the farmers. I maintain that Canada is not at present able to compete with an open market and retain our population.
5. If our markets are thrown open to the United States, I am of the opinion that we could not compete as at present, our prices would be forced down and our revenues curtailed. Thus farming would become less attractive and there would be a danger of the industry dwindling.
6. I believe that it is in the best interests of Canada that the tariff on farm implements should not be lowered further.

7. Protection only so far as is necessary to maintain all active industry in Canada
 12. I believe, the farmer's ideal.

SIR HENRY DRAYTON: You say that there are a third less mortgages than there used
 to be. That means that a third of the mortgages have been paid off?

MR. MONTEITH: Yes.

SIR HENRY DRAYTON: Then what about farm chattel mortgages, are many of those
 left?

MR. MONTEITH. I don't think there are any in our locality that I know of.

Dunnville occupies a central position in the eastern end of Haldimand county in a rich agricultural district with a large tributary farming community surrounding it. Twenty years ago it had a population of 2115, a total assessment of \$600,475, and one industry employing three hands. To-day its population totals 3517 and its assessment \$1,886,280. It has six manufacturing establishments employing 646 hands, paying over \$800,000 in wages, and representing a capital investment of over \$2,250,000. The Mayor and Town Council of Dunnville appeared before the Tariff Committee at Hamilton. They testified that "the present prosperity of the town and surrounding country can be maintained only by continuance of industries." "The protection of these industries," they said, "is looked for by the people of this community." Dunnville is a typical illustration of small community growth from industrial development. Of Dunnville's total population of 3517, no fewer than 2,500 are directly dependent upon the community's industries. The population of the agricultural country tributary to the town, covering a radius of approximately 10 miles, is 7639. In 1900 the value of farming lands per acre in that surrounding district was \$30. This year it is rated at \$100 and up. "Abandoned farms and waste land were frequent twenty years ago," said the Town Clerk. "To-day they are unknown." The Town Clerk also submitted the following comparative table to the Tariff Committee:-

	<u>1900</u>	<u>1920</u>
Wheat, per bushel	\$.68	\$ 1.80 to \$ 2
Wood, per cord	4.00	11.00 to \$12
Pork, per cwt.	4.00	17.00 to \$22
Cattle, per head	18.50	60.00 to \$80
Potatoes, per bushel	.40	1.25
Butter, per lb.	13¢ to 18¢	65¢ to 85¢
Farm labor, per month	13.00	65.00 up
Chickens, each	.15	1.25 to \$1.75

"A weekly market in Dunnville," he said, "affords farmers facilities for disposing of their produce without delay, the market being cleared in a couple of hours each week. Loss or curtailment of the pay roll of industrial concerns would cause a depression in the wholesale and retail merchandise trades, in real estate, banking, building trades, etc., and would be disastrous to the welfare of the town and at the present time rob the farmers of the splendid market."

The Town Clerk, Mr. Clark, is an undertaker. He can hardly be accused of benefiting from any kind of tariff, but "I may say in my own private capacity," he told the Committee, "that I am very fortunate in being in Dunnville, because in Dunnville and in the large tributary country, in five years' business, I have not had more than \$50 of bad debts."

SIR HENRY DRAYTON: They are good payers?

MR. CLARK: Excellent. They generally pay by bank cheque and I have yet to run across a farmer without a bank account.

CANADIAN RECONSTRUCTION ASSOCIATION

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h. 89.

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Canada needs an organization such as the British Higher Production Council, representing employers and employees, to emphasize the national importance of higher production. In the United Kingdom, powerful labor influences are striving to expose to workers the fallacies of underproduction and call it canny. Among those who have been most active in the movement are Mr. W. A. Appleton, Secretary of the English Federation of Trade Unions and Mr. J. R. Clynes, Labor Member of the Imperial Parliament and President of the National Union of General Workers. Speaking at a meeting of the Higher Production Council in London on December 3, Mr. Clynes condemned "scarcity" as the enemy of the worker and the real friend of the speculator and the profiteer. "There are workmen," he said, "who think that if they do less there will be more for some one else to do. I submit against that view the results of experience, which are the real test. From one cause or another this year of 1920 has been one of low production, and it is towards the end of this year of low production that we see the highest figure of unemployment workmen have had to suffer in recent years. If it were true that low production found work for others, that would have solved your unemployment problem and absorbed these hundreds of thousands of men. . . . High prices are the companions of scarcity. The general condition of prices can only be turned in the right direction when the flow of commodities is made so abundant as to influence prices. Plenty, then, is the friend of the worker. Increased production lessens his difficulties; decreased production increases his burdens and diminishes the purchasing power of his wages. If, now, by some wonderful piece of magic we could speedily produce all the houses, clothing, domestic materials and necessities of the home which the workers find so dear because they are so scarce, the mass of the workers would be very much happier. We cannot do this by magic, but we can call to our aid all the machinery, plant and methods of production now available, and these methods can frequently be improved."

Free traders are surely losing ground in Great Britain. When the British Parliament opens again in February, the Government will present two industrial measures. One to reform merchandise marks ensuring clear identification on each article of the country from which imports come, and the second to protect industries "essential to national well-being." Mr. Lloyd George has definitely stated that he will not resist import duties on goods competing with products of key industries. "Under no conditions," he said, "and whatever it costs should we let those industries down in the future. In the event of a tariff Canada and other Dominions would enjoy preference over the United States and other foreign countries." As the Government is disposed to protect essential industries, so it is opposed to continued Government control and interference with business. In a significant speech before the powerful Federation of British Industries recently, Mr. Lloyd George said:-

"Leave the industries, in so far as is possible, to work out their own salvation. I share your feelings against Government control and Government interference. It is not the business of the Government. It is not the service it can render. In times of great emergency it is essential that it should be done, because everything then is concentrated on the task which the Government has in hand, but the sooner you get away from it the better.

"But that applies to home trade. Does it not apply to international trade? The less interference there is on the part of the Government with trade, whether it is home or foreign trade, the better. There are certain things we are pledged to do. We are pledged to do everything we can to shield the industries which were discovered during the war to be essential industries for the defence of the country. We are

pledged to deal with the problem of dumping, and we are pledged to do something, in so far as the Government can, to deal with the exchange situation, so that the exchange situation in Europe may not be utilized as a means for destroying our industries. These things we are pledged to do.

"But in the main our policy is that the less interference with trade there is on the part of the Government, the better it is for trade and the better it is for the Government."

Brunner, Mond Canada, Limited, assured a protection of three-tenths of a cent per pound under the general tariff and one-fifth of a cent under the British preferential, bought 650 acres of land at Amherstburg, employed over 1000 men in the construction of an extensive plant for the production of soda ash, and now have hundreds of workers engaged in steady employment at good wages. The Company at the Tariff Committee hearings at Windsor emphasized the value of its industrial activities to Amherstburg and the surrounding territory. Its general arguments were strongly supported by representatives of the town. Mr. Cudy, Manager of the Imperial Bank of Amherstburg, for instance, in a personal statement before Sir Henry Drayton and his colleagues, said:-

"Looking over the figures since the Brunner, Mond came to Amherstburg, I find that in the last two years, our savings deposits have increased 81 per cent, our commercial deposits 310 per cent, and the bank profits a little over 100 per cent. I think every man in Amherstburg appreciates the fact that we have one of the best industries in this part of the country. We appreciate their being here. They pay good money. We figured yesterday that their payroll amounts to about \$1,500,000 a year, and, while that may not appear big in some cities, in a town the size of Amherstburg it is a very material figure."

SIR HENRY DRAYTON: Is yours a private bank?

MR. CUDY: No, it is the Imperial Bank. Since Brunner, Mond came, another bank has been established. We had the Molsons and the Imperial prior to that, but the Canadian Bank of Commerce has since established a branch. Notwithstanding that our business has practically doubled in two years as the result of the coming of Brunner, Mond.

Dr. W. F. Parke, the Mayor of Amherstburg, also made the following statement: "On behalf of the municipality of Amherstburg, I wish to draw your attention in a very few words to the progress that has been made in the last few years. In the year 1916, Amherstburg was practically only a country village, in fact, there had been a shrinkage of recent years owing to the lack of industries. There were only three small industries, of which the plant of the Dominion Cannery was one. There were forty or fifty men employed at these plants and the total annual wages would amount to probably \$60,000. At that time, the Amherstburg assessment was \$685,000. There were something in the neighborhood of eighty houses vacant or from 16 to 18 per cent. Since the coming of the large factory Amherstburg's assessment has increased to \$2,000,000 and some \$400,000 worth of new buildings have been erected in the municipality. The population has increased from 1900 to better than 3,300. The municipality at the present time requires at least 50 additional houses. Land values have increased very much. The whole municipality is making splendid and rapid progress."

The practical value of a protective tariff to Canadian workers was brought to the attention of the Tariff Committee at its hearings in Hamilton by Mr. R. Buchanan, a machinist with twenty years of experience, who appeared before Sir Henry Drayton and his colleagues "to say a word on behalf of those who are dependent upon practical employment."

"During the first few years of my experience," he said, "we had a very small percentage of industry as compared with what we have at the present time, and no doubt the increase that we have seen has been due to tariff protection."

"During the first years that I refer to we saw times in which there was a very narrow labor market, and during that time it was hard for a man to sell his labor to advantage. The result was that when there was any surplus of labor a man had no

confidence to become a good citizen, he did not undertake to buy a home, he took no interest in the affairs of his town, and I can say from my personal experience that a large percentage of our young men of those days went across the line in order that they might gratify their ambitions. The result is that to-day they are American citizens, and their places have had to be filled from the outside.

"Now, I believe that if anything should be done to put us back to these conditions again by means of a low tariff it would be disastrous for this country. I know that I would not want to go through the experience again of my early days, and I believe that the rising generation would not meet those conditions as we did, they would not be as patient as we were, nor as persevering. Human nature has taken on a different turn and so if such a situation had to be met again--and it surely would have to be met if these factories were dispensed with--it would be much more difficult to meet."

SIR HENRY DRAYTON: Mr. Buchanan, how are the workers here in Hamilton, do many of them own their own homes, or are they largely tenants without any stake in the city?

MR. BUCHANAN: The last few years have seen a great improvement in the condition of the class that I represent.

SIR HENRY DRAYTON: How many of the boys own their own homes?

MR. BUCHANAN: Judging from conversations I have had from time to time and from my own personal knowledge, would say from 60 to 75 per cent.

SIR HENRY DRAYTON: As much as that?

MR. BUCHANAN: Yes.

SIR HENRY DRAYTON: That is a very heavy percentage. If that is so it is very good.

MR. BUCHANAN: It is understood that at the present time a very large percentage of these are under mortgage, and in case of a panic or anything of that kind it would make it very uncomfortable and inconvenient for a large percentage of those men.

HON. MR. ROBERTSON: That is, since this city has been rapidly growing the workmen have purchased homes on the instalment plan, and are now paying for them?

MR. BUCHANAN: I understand by the term "instalment plan" that very few of these men are able to buy a house without mortgaging it, and they have to meet those payments monthly or half yearly.

HON. MR. ROBERTSON: Your point is that the workmen are interested in the future of the city to the extent that unless their employment continues they would find it difficult to meet their obligations and hold the homes that they have purchased and partly paid for?

MR. BUCHANAN: Yes sir. What I wish to emphasize is the difference between now and then. The men have confidence now that they did not have before.

Writing in La Presse, Senator L. O. David, a life-long friend of Sir Wilfrid Laurier and, as Sir Wilfrid was when in power, a Liberal protectionist, says: "Action taken next session on the subject of the tariff is going to modify considerably the party situation as well as the views of public men. We will then know with whom we can come to an understanding not only on the tariff question, but also with regard to the teaching of French and other matters of national and religious interest. We will not on any condition be able to adopt a policy which will bring ruin to the manufacturing interests of this country. From the standpoint of the financial situation of Canada this would be more than an error; it would be a crime. The day upon which the Farmers come into power on a programme of free trade will be a black day, a day of ruin and lamentable disaster, especially if the Americans impose higher duties on our products. I cannot conceive that intelligent men having at heart the interests of their country should dream of opening our markets to the Americans when the latter shut their doors on ours. There is talk of reciprocity in natural products. But can it be seriously considered when the United States no longer desires to discuss it?"
