ANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 90. TORONTO, CANADA January 5, 1921.

FOR RELEASE upon receipt

The hearings of the Tariff Committee throughout the Dominion have revealed the fact that sound Labor opinion in the country is unalterably opposed to the radical tariff platform of the organized Farmers. Mr. J. T. Foster, President of the Trades and Labor Council of Montreal, urged upon Sir Henry Drayton and his colleagues the duty of the Government "to so manage our fiscal policy that the Canadian workman will not be compelled through idleness in industry to emigrate to foreign lands to find employment and earn his living." Mr. David Geroux, speaking for the Canadian Federation of Labor and its seven thousand members, argued that Canada "should go on record on the fiscal question as completely as the Republican Party has done in the United States."

At Toronto, Mr. M. J. Crowley, Vice President of the Canadian Federation of Labor, made the satisfactory statement that "there is no class of workers in the world who are living in a higher social status than the Canadian." "I speak advisedly," he said, "because I have been in other countries."

SIR HENRY DRAYTON: Where are you thinking of, Mr. Crowley?

MR. CROWLEY: Any place, China, Japan, America, and South Africa.

SIR HENRY DRAYTON: And you want the Canadian worker's home, with which you are to-day satisfied, maintained and protected against a lower standard of life?

MR. CROWLEY: Yes sir.

. . . .

MR. CROWLEY: Regarding the tariff, if it is lowered on pianos, we as workers cannot live in the social status we are now enjoying. We cannot compete with the workers on the other side, for this reason, that the horde of immigrants that are coming into the United States to-day are working at any price, because they are accustomed to living under any conditions. I speak advisedly, for I know their social status is far lower than ours. The men who come in there and work at our trade, that is on the cheap pianos, live in tenement houses, and from positive knowledge I know that around Chicago they have lived in box cars on the outskirts of the city. So we cannot hope to compete with that class of people.

I also noticed in the papers regarding your trip West that the farmers are desirous of having the tariff lowered, or some of them were, in order to close manufacturing up so that they might receive cheaper labor. The farmer himself sends his children to the city to receive an education so that he may make professional men of them; but he expects us as workingmen to go out there and take their places. If the farm is good enough for the farmer, surely it is good enough for his son.

Through Mayor Eden of Kitchener, Mr. A. R. G. Smith of New Hamburg, a prominent farmer and secretary-treasurer of the Wilmot Agricultural Society, presented the following statement to the Tariff Committee at Toronto:-

"Farmers are as much interested in the tariffs governing the development of industry as they are in those that protect farm products.

"Waterloo county affords one of the best provincial county examples of balanced agricultural and industrial expansion. Farm lands have increased in value. Profits have been invested in improved farm and household equipment. Many markets attended by the buyers of the industrial centres absorb at profitable prices great quantities of perishable goods that would otherwise go to waste.

"Foreign markets, owing to transportation charges and world competition, return very little profit.

"Protective tariffs bring to Canada many branch factories of American and British firms. Skilled work people, raising families, receiving good wages every two weeks, are good spenders and the best friends of the food producer.

"Industries in Waterloo county established by protective tariffs have afforded opportunities for young farm people to work in town in winter and on the land in summer.

"When our young people choose industrial pursuits they have employment near their own homes. Many farmers advancing in years, unable to farm, can stay in their own community and get light work instead of retiring and doing nothing. There is also the choice of market gardening.

"Farming in the county of Waterloo has changed from cereal production, such as our forefathers had to continue much to the depletion of soil fertility, to dairying, poultry raising and fruit production.

"Foreign markets pay small prices for milk, due to transportation charges.

"Milk for Ontario cities and industrial centres is being paid for at the rate of $3.43 per 100 pounds at shipping stations, 75 miles from Toronto. A local cheese factory, governed by the British market, can pay only $2.10 per 100 pounds with skimmed whey returned to the farmer's stand.

"Eggs selling for $1.00 per dozen in industrial centres would be worth very much less if exported as they would be stale when they reached their destination.

"Manufactured goods may be transported thousands of miles and not be any the worse. Not so with many of our perishable foodstuffs. Therefore, we should have tariffs to produce industrial plants that will have highly paid skilled artisans. Cheap hydro power should allow good wages. Hydro electric power easily distributed would tend to distribute industrial plants instead of all gravitating to one or two centres. The housing problem would be better solved.

"More population would divide our per capita taxes, and our agriculture would expand to meet the demands of a growing population.

"I think the markets of this growing country should be kept for the Canadian farmers and manufacturers. The United States of America kept their markets when the Western States were developing.

"Our dollar is low in exchange value; therefore, we are making a mistake in buying foreign goods. It will be well for us to guard our markets for, I think, the Republic to the South of us will establish tariffs against us.

"I am in favor of every consideration for the woollen manufacturing concerns of this country. In Waterloo county they are direct buyers of our wool at good prices. The prices they pay invariably exceed the wholesale prices. In one instance the Hespeler mill issued cheques at the end of the year to make up the market advances of wool during the year."

Urging that their labor market should be protected, Mr. James Webb, a moulderer employed by the Canada Machinery Corporation of Galt, appeared before the Tariff Committee at Toronto on behalf of "the laboring classes of Galt" to testify to their belief in the tariff which has provided a large market for Canadian labor. "Our labor has gone up in value," he declared, "and our living conditions have improved at the same time." He declared that in his own shop 90 per cent of the men owned their own homes and they wanted their standard of living and their wages protected.

So, Mr. O. H. Hughes, representing the organized labor of Kitchener, declared that "practically the whole of the members of organized labor want the protective tariff kept on." He declared: "we fully realize that it is a question of keeping our jobs," and continued: "I have been in the twine and cordage business. I know that if it were not for the protective tariff we would simply close down."

Mr. Hughes, who came to Canada ten years ago from the Great Western Railway town of Swindon in England, stated that he regarded the standard of living around Kitchener as the highest among working classes anywhere, even in the Dominion.

Kitchener is another one of the many municipalities in Ontario and Quebec to testify to the value of the "National Policy" to the Dominion. Mayor Eaton of Kitchener, who appeared before the Tariff Committee at Toronto, said:-

"I have been a resident of Kitchener since 1875; so that I have seen the operation of a revenue tariff and of a protective tariff. Under a revenue tariff things were not very prosperous in our locality; everything was done mostly on the credit system and it was most unsatisfactory to the manufacturers as well as to the business men of the city. When protection was adopted in 1878 all our towns--they were all towns and villages at that time--started to prosper and they have been prospering ever since. A number of towns have become cities and there are a number of places whose ambitions are in that direction.

"Take our city, for example; if it had not been for protection a number of industries that are there at present time would not have been located in Kitchener. . . . Under the protective tariff land values have very greatly increased. In our city land values have jumped from $60 to $600 a foot. Take farms in the vicinities of the cities and towns in the country. In the vicinity of Kitchener I know of a 100 acre farm that has increased in value from $4,000 to $20,000. That shows the advantage of a protective tariff in building up these centres. It is not only a benefit to the centres themselves but to the farmers surrounding them. The chief reasons for these increases in land values is that these centres are encouraged by manufacturing and you naturally have additional transportation. We have, in consequence of the cities and towns growing, developed additional transportation which has increased the value of agricultural land in the surrounding country."

As the smaller communities have testified to the value of the tariff, so Toronto, Quebec, Montreal, and the larger centres have been equally emphatic. There are in Toronto to-day no fewer than 140 branches of American firms whose location in the city must be attributed wholly to a protective system and under the National Policy Toronto has experienced remarkable industrial development and now produces 14 per cent of all the goods manufactured in Canada, and 31 per cent of all goods manufactured in the province of Ontario.

According to the Dominion Bureau of Statistics for 1918, the latest available, there were in that year 2,835 manufacturing establishments in Toronto, representing an investment of $392,945,178; employees numbered 106,128; and salaries and wages paid amounted to $105,509,698; the raw materials used by then Toronto manufacturing industries cost $266,580,781, and the value of goods produced amounted to $506,429,283.

Assuming that each of the 106,000 Toronto people employed in manufacturing supports on the average one other person, over 200,000 citizens of Toronto, or 40 per cent of the entire population, are dependent entirely upon the salaries and wages paid by Toronto manufacturing establishments.

Toronto is spending $26,000,000 on harbor improvements, of which $20,000,000 have been supplied by its taxpayers. "If we have a continuance of stable tariff conditions we can lease our harbor industrial sites as fast as we reclaim the land."

Speaking before the Tariff Committee at Toronto, Mr. H. L. Quinn, Mayor of Bowmanville, said: "We have had a great many complaints in the last three or four years about the shortage of labor on farms. I believe there is something in that but there has been a shortage of labor in practically every industry. The farmer does not need so much labor as he did ten or fifteen years ago because, with the modern methods of farming he can do away with a number of men. The farmer can do his work cheaper with the modern machinery that he is using to-day than he could formerly do by employing men.

"They say the boys are leaving the farm. As a matter of course, boys do leave the farm because with 100 acres of land there is only room for one boy to remain on the farm and, if there are three or four boys, it means that some of them must go somewhere else. There is no doubt however that boys do leave the farm and go to the towns and cities. I do not think it is serious at all."

CANADIAN RECONSTRUCTION ASSOCIATION

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The Independent Labor Party may still court an alliance with the Canadian Council of Agriculture, but the Toronto Typographical Union, like many other labor organizations in the Dominion, realizes the value of a protective tariff to industrial workers. A representative of this Union who appeared before the Tariff Committee at Toronto, declared that it has a membership of over 1,300, which is practically 100 per cent of the printers of Toronto, "whose livelihoods as well as those of their families are dependent upon the prosperity of the printing industry." "The importance of this industry," he continued, "which has to do with the manufacture of Canadian raw material into the finished product by the aid of Canadian labor is admittedly great enough to warrant the necessary protection of the Government not only through an adequate tariff, but by providing safeguards in other ways to prohibit the wholesale flooding of the Canadian market with cheaply produced foreign product. It has to be admitted that owing to conditions at present in certain foreign countries like Japan with cheap labor and like Germany with both cheap labor and exceedingly low exchange rate the obstacle raised by even a high tariff is not sufficient to prevent those countries from invading Canada and underselling Canadian printing firms."

The Union through its representaiive therefore ask in addition to a high tariff the Canadian Government should demand that an imprint showing the country of origin should be placed on all printed matter coming into Canada.

Mr. William Sullivan is the Business Agent of the Toronto Local No. 28, International Brotherhood of Bookbinders and Bindery Women Workers. He also appeared before Sir Henry Drayton and his colleagues on behalf of the 940 members of the Local urging that the present tariff should be retained or that if any change should be made it should be increased.

Mr. Charles M. Thompson, Manager of the Brantford Roofing Company Limited, presented a memorandum to the Tariff Committee at Toronto on behalf of his own and five other companies including:-

Barret Company, Ltd.,	Montreal, P.Q.
Beaver Board Company,	Thorold, Ont.
Bird & Son Company, Ltd.,	Hamilton, Ont.
Canadian Roofing Co. Ltd.,	Windsor, Ont.
Standard Paint Co. Ltd.,	Montreal, P.Q.

With one exception all these companies are branches of United States firms. They all agreed that "the protective tariff has been the primary factor in the development of this industry in Canada." They pointed out that its removal would throw the Canadian market open to competition from the large and highly developed factories in the United States and restrict the operations of the Canadian industry, and they urged that the present measure of protection which the industry enjoys should be maintained.

Under a protective tariff the lithographic industry in Canada has grown until it employs 3,000 people, has an annual payroll of $4,000,000, and an output of $14,000,000. The industry spends large amounts annually in the purchase of materials and supplies, 75 per cent of which are of Canadian origin. This, in turn, means the employment of many Canadian workmen and distribution of a very large amount in wages which would otherwise be lost to the country. In the past, outside competition has been from the United States and Germany. In the future there is likely to be serious competition from Japan. "If Canadian lithographers are to compete with Germany and Japan," Mr. Frank A. Rolph, representing the Canadian Lithographers' Association, told the Tariff mittee, "adequate protection is absolutely necessary, as the low rate of wages in such countries would otherwise make it impossible for Canadian firms to compete. The latest statistics indicate the average wage in Japan paid to printers, bookbinders, and type-setters to be 1.80 yen, or on a par of exchange equivalent to 90 cents per day.

"There are no recent statistics in regard to the wages paid in our particular industry in Germany, but returns would indicate that they are approximately 12 marks per day for male workers and 5.10 marks per day for female workers. Compared to the per day and up paid in the lithographic industry in Canada, it can readily be seen that adequate protection should be given to the Canadian products."

The Canadian Council of Agriculture is very active in urging reduced protection for Canadian industries, but, outside of its formal platform, it is not so zealous where farmers themselves are directly concerned. It is not generally realized that from a standpoint of live stock production the Canadian farmer now enjoys two forms of protection: (a) on live animals, complete protection in the form of quarantine regulations that in effect preclude the importation of live animals into Canada for slaughter; (b) partial protection in the form of duties on live animals, meat and meat products imported into Canada.

The attention of the Tariff Committee was called to the facts by the Industrial Development Council of Canadian Meat Packers at the recent hearings in Toronto where their representative said: "The mutual interests of the live stock farmer and the packer make it necessary for the packer to consider the question of tariff on live stock animals and meat and meat products from the standpoints of its effect on the production of live stock in Canada and its effect on the packers' business." The packers themselves believe that if they were given free opportunity to purchase live stock in all markets and to manufacture and market meat freely in all markets, the advantage gained would be more than sufficient to offset any advantage which the present duty on manufactured products now affords. "It would therefore appear that the problem must be viewed from the standpoint of a policy that will best develop the Canadian livestock industry. This is primarily a problem for the farmer, and it is the opinion of packers that it is worthy of the gravest and most earnest consideration by them. If the removal of the quarantine regulations on the importation of live stock for slaughter and the removal of the tariff on live animals, meat and meat products, will result in building up the livestock industry in Canada, then both packer and farmer must prosper. But unless the farmer can assure himself that the removal of the quarantine and duties will result in expansion of this great national asset, it would be disastrous from a national standpoint to interfere with the present policy."

In urging retention of the present duties affecting their industry, Mr. W. Drynan, of the Dominion Canners Limited, who appeared before the Tariff Committee at Toronto representing companies all over the Province, stated that at the end of 1918, there were 253 factories, representing a capital investment of approximately $20,000,000, in operation in Canada devoted to the canning and preserving of fruits and vegetables. He pointed out that protection was not only in the interests of the canners but of the farmers who provided the raw material on which the industry was so largely dependent. "The canner and the farmer," he declared, "have a common interest in profitable yields of green products and profitable operation of the canneries. Historically, it is true that the cannery was established by the farmer to provide an outlet for his surplus produce, and at the present time many of the canneries are owned and maintained by farmers.

"It is rather difficult to get accurate figures as to the number of farmers directly benefited by the canning industry, but the Dominion Canners own and operate 55 factories, and the number of farmers and growers supplying fruits and vegetables to these factories is about 7,000. The number of acres of land devoted to the growing of produce for the canneries of Dominion Canners is about 35,000 acres."

Mr. Drynan pointed out that not only can the canning industry not survive with the tariff removed, but that other industries would be affected. "In the first place," he said, "there are in Canada three or four tin can plants, each employing 200 or 300 men, which would be adversely affected. There are several factories employing from 100 to 200 men each engaged in the manufacture of boxes for canners which would also be adversely affected. Then there are the millions of labels ordered from the lithographers. There are also many other articles and supplies ordered by canners in large quantities, and it is estimated that the annual expenditure of these factories in a normal year for average supplies of cases, cans, sugar, etc. is approximately $8,000,000.

The importance of industrial activity in promoting rural prosperity is well illustrated by the case of Acton, Ont., which like Huntsville, Bracebridge, and Burk's Falls, is almost entirely dependent upon the tanning industry. Mr. H. P. Moore, publisher of the Acton Free Press, appeared before the Tariff Committee at Toronto with the following resolution:-

"Resolved that this Council of the Town of Acton, Ontario, realizes that the industries located here provide employment for a very large proportion of the citizens of the town, and that directly or indirectly, continuance in operation of such industries is a matter of concern to all residents, to the agriculturists in the surrounding district, and we believe, to the entire country; and this council hereby declares its conviction that no downward revision of the Canadian tariff should be made which would cause curtailment of industrial operation and resultant unemployment."

SIR HENRY DRAYTON: How are things in Acton?

MR. MOORE: They are prosperous. The farmers around Acton have had a very prosperous year. The town is prosperous and we are anxious to keep the men employed.

SIR HENRY DRAYTON: What is the population of Acton?

MR. MOORE: Two thousand, between 475 and 600 being employed at the tanneries.

SIR HENRY DRAYTON: What proportion of the men working in these industries are householders?

MR. MOORE: The majority are householders. A considerable proportion own their own homes, I would think perhaps 60 per cent of the married men.

While organized farmers in Canada persist in advocating radical tariff action which would jeopardize industrial stability, Australia is determined to develop its industries within its own borders. "It is now a definite policy for all time in Australia that new industries able to supply considerable quantities of the country's requirements should be sufficiently protected," Mr. A. H. Ashbolt, the Agent-General for Tasmania, told the Colonial Section of the Royal Society of Arts at a recent meeting in London. At present there is a general tariff of 10 per cent on sewing machines imported into the Commonwealth, though British machines are duty free. On and after January 1, 1922, British machines will be subjected to a fixed duty of £2 10s. per machine, and the rate on those of foreign manufacture will be £3 10s. The Australian Government is now endeavoring to interest sewing machine manufacturers to establish this industry in Tasmania. The Commonwealth is also determined to manufacture all its own confectionery and three well-known British firms have already established a factory near Hobart. In regard to general machine tools, Mr. Ashbolt urged leading British firms to pool their interests and to establish a large modern plant in Australia or Tasmania. He further stated that the Federal Government was also considering proposals that in each of the Australian states the wool growers should join with the capitalists in finding the necessary money (£14,000,000) for the manufacture of woollen goods, the Federal Government assisting financially. He had noticed articles emanating from Bradford condemning the Australian proposals, but Bradford must recognize that Australia was determined to increase manufacturing in her own country, and if the British manufacturers did not come together and erect joint factories in the different centres, then the Australians or some other nationality would do so, and in the latter case the business would be lost to British interests.

CANADIAN RECONSTRUCTION ASSOCIATION

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Canada has had protection for so long that few people remember conditions under no tariff. How much enthusiasm would farmers really have for the tariff platform of the Canadian Council of Agriculture with its free trade and reciprocity planks if they realized the prices paid for farm products in 1878? Mr. T. A. Stevens came to London, Ont., in 1857, was married in 1867, and went into business there in 1872. "I do not think that the people who are asking for a low tariff or free trade have ever done business under free trade conditions," he told the Tariff Committee. "When I began business the farmer was selling his products in the city at prices which were extremely low. Chickens were selling at 25 cents on the market here, geese at 50 to 60 cents and turkeys at 65 to 75 cents; potatoes at about 30 cents a bushel and eggs at from 6 to 8 cents a dozen. Merchants at that time lived over their stores. I heard one lady say that she never bought eggs when they exceeded 8 cents a dozen because they were too dear. Whiskey--the best Canadian whiskey--was sold at 12½ cents a quart.

SIR HENRY DRAYTON: Do you say that you are sighing for a return of the good old days?

MR. STEVENS: No, I am not and I do not think the farmer wants the good old days when he has to sell his produce at those figures. The trouble was we had no money and people used to give orders on stores to their workmen to be used on Saturday night because they did not have any money. The time came when we had no silver. There being no silver to make quarters of Sir Francis Hincks issued quarter dollars in paper money and these paper quarters were commonly called shin plasters. That is the time the people had a low tariff and free trade. Who wants to go back to such times as those? I do not think the farmer does but he does not know about them because he has not gone through the ordeal. I know because I have. We all remember burning cordwood and you could buy the best maple wood for $3.50 a cord. If you had the money to pay for it you could get it sawn, split and piled for 75 cents a cord. I used to work from seven o'clock in the morning till ten o'clock at night with the exception of Saturday. On Saturday night I used to take a turn off, go home and saw wood for the balance of the week. That is how things stood when we had a low tariff and free trade.

SIR HENRY DRAYTON: You are speaking of the old days before 1875?

MR. STEVENS: Yes, and up to 1878. When the National Policy came into effect prices went up, but we had the money then to pay them. Flour was sold in the old days at fifty cents a hundred and nobody had the fifty cents.

* * *

Without any previous farming experience save that gained from looking after the experimental farms of the Canadian Pacific Railway as Commissioner of Colonization and Immigration for that Company, Mr. L. A. Hamilton went to Oakville eighteen years ago, bought a 150-acre farm at a cost for land and buildings of approximately $75 an acre, and since then has been engaged in fruit and mixed farming. Recently he sold a portion of his farm for $750 an acre. "Eighteen years ago," he told the Tariff Committee in Toronto, "we received an average of six cents a box for strawberries and of ten or eleven cents for raspberries. During the last year my crop yielded me 20 cents a box for strawberries and from 25 to 28 cents for raspberries. Apples sold last year from my orchard as high as $7 a barrel. When I went there I was very glad indeed if I could get $1.50 a barrel.

Mr. Hamilton's agricultural implements consisted of a binder, a mower, cultivators, various kinds of disc and spring tooth harrows, two waggons, and other implements. He bought these eighteen years ago for $800. "I find that if I had to pay the full tariff on all the implements I bought the tariff would have cost me about $7 a year. If that $7 a year is going to make farming unprofitable in Canada, the sooner we quit it the better. I do not think that the tariff adds in any appreciable extent to the cost of the agricultural implements that we have to buy to-day and especially if these implements are properly taken care of."

Mr. Hamilton has a neighbor, an English farmer who came out from free trade England. "He came out and rented a farm adjoining me about five years ago, paying $450 a year. He was a poor man and he had a wife. We have splendid markets in Toronto, Montreal and Hamilton, because Montreal is just as available to us as Toronto. We have Montreal buyers right on our platform every summer buying our fruits and paying us the cash right on the spot. This man came out and by reason of the splendid prices he was able to receive he was in a position to pay $450 a year rent for this small farm of about twenty acres. I saw him a day or two ago because his lease had run out and he said: 'I have done very well in this country--in this protected country as against free trade England. I have just bought a farm for $23,000.' The larger proportion of this is paid in cash. He told me that if he had stayed for the rest of his life in England he would never have been any better off than when he left. That is an illustration of the condition of agriculture in the old land under free trade as compared with agriculture in our country under protection."

Hearing after hearing of the Tariff Committee has been characterized by practical testimony of workingmen to the value of protection. At Toronto, for instance, Mr. Albert J. Kirk appeared before Sir Henry Drayton and his colleagues as a representative of the British Imperial Association of Earlscourt and authorized to speak for the workmen of that district. "We have come to the conclusion," he said, "that whatever feeling there is against the tariff is caused by the abuse of it. I am a mechanic and I work for a brush factory which is a branch of an industry carried on in Newark, New Jersey. Previously they did not sell their brushes in Canada because they could get better prices in the United States, but they decided to establish a plant to manufacture their rubberset brush here. Since they started their branch here the price of brushes in Canada are not as high as they are in the United States. The establishment of this branch in Toronto gives employment to forty hands and they also employ forty hands in the branch which they have established at Gravenhurst. They found that they could manufacture handles cheaper in Gravenhurst than they could in Newark. These eighty hands are paid an average wage of $1,000 a year, half of which is paid out for farm products. That would mean $40,000 a year which, I believe, would buy the output of probably ten farms at the outside. If they sent in their brushes from the United States, how much produce would the farmers sell to the producers of these brushes? I want to say to the farmers that their interests are ours, that we have interests in common.

"I read in a brush journal that in Japan they have reached a high state of efficiency in the manufacture of brushes. But the wages there are only 45 cents a day. I do not see how we can compete with them without a tariff. I have a stake in the country. I have raised children. I have three and we feel that we are an essential part of the country. We feel that we are glad to get employment that enables us to keep our families going. If you buy Japanese brushes, you keep nobody going and you will provide for no home market. Where would the Japanese buy anything? I have five bags of potatoes and two bags of onions in my cellar and I bought them on the local market."

Representing the agriculturists of Prince Edward county in the Bay of Quinte district, Mr. W. W. Anderson appeared before the Tariff Committee at Kingston. "I am here," he said, "representing the farmers on behalf of the tariff. The majority of our agriculturists want a protective tariff in order to stimulate their market. We know that protection develops manufacturing in the different centres of our country and builds up a home market, which results in good prices for our agricultural products.

"I remember 30 years ago when we were in the habit of simply being exporters, sending our raw material over to our friends to the south. When they introduced the McKinley Tariff we were forced to look after ourselves. We did so. We established markets and built up this country, and to-day all classes in this Canada of ours are very prosperous.

"Another reason is that living as we do in this favored portion of Canada we have spent a lot of money in improving our farms, but our friends out in the Western provinces have not spent very much in that direction, and if we were to have free trade, as they advocate, we would possibly be paying more taxes on 100 acres here than they would on a 2,000-acre holding in the West. For that reason I think protection is to the interests of the agriculturists of Canada."

Mr. Anderson is engaged in mixed farming--dairying, fruit, poultry, and grain-raising, with his market at Belleville.

SIR HENRY DRAYTON: What kind of a market have you there?

MR. ANDERSON: The best market I know of. We get top prices.

Mr. George E. Foster also appeared before Sir Henry Drayton and his colleagues as the representative of the 1100 organized workers of the Trades and Labor Council of Belleville and the district to place that council on record in favor of a protective tariff.

SIR HENRY DRAYTON: I suppose, Mr. Foster, what you are really interested in is not manufacturing but the protection of your labor.

MR. FOSTER: We have to be interested in what is manufactured or else we can get no protection for our labor.

SIR HENRY DRAYTON: Exactly. You are interested in manufacturing just simply because it represents labor.

MR. FOSTER: Well, to a certain extent.

SIR HENRY DRAYTON: In other words, you are afraid of losing your opportunity for work? That is the real reason why you are in favor of a protective tariff?

MR. FOSTER: That is one of the reasons.

SIR HENRY DRAYTON: What others besides that?

MR. FOSTER: And then for general purposes, if we don't have a tariff to protect our manufacturers, we cannot manufacture in this country, and if we cannot have the work necessarily we will not have the money to spend amongst the producers of the country.

Canadian agriculturists who advocate reciprocity and free trade seem entirely indifferent to or ignorant of the value of the Canadian tariff in protecting British and foreign investments. The Border Cities of the Windsor district have been practically built up by American capital. Toronto has no fewer than 140 United States branches. There are 53 American branches in Hamilton. Welland claims the largest per capita growth in the Dominion in the last nineteen years. Of its 18 industries no fewer than 11 represent or originally represented American capital. And so with other cities throughout the Dominion.

When Mr. W. W. Sands, the Secretary of the Kingston Industries Committee appeared before the Tariff Committee at Kingston, he cited the tariff as the most important consideration in securing the location of American branches in Canada. "Recently," he told the Commission, "I wrote circular letters to all the automobile and truck manufacturers in the United States asking them if they had any idea of establishing branches in Canada, and if they had that I wished to enter into negotiations with them for the purpose of trying to get them to locate in Kingston. I found that a great many American firms are interested in establishing branches in Canada. I will just read you a short extract from a letter I received from a firm in Philadelphia, as it covers the ground taken in nearly every reply I got:-

> "We have just occupied the factory shown on the enclosed preliminary print, and this will take care of our Eastern trade in the States as well as a large portion of our export business. The Canadian location, however, would be of great advantage, particularly situated on the waterfront, not only because of the local Canadian tariff and freight, but also because certain foreign shipments could be handled there to advantage."

CANADIAN RECONSTRUCTION ASSOCIATION

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FOR RELEASE upon receipt

Canadian industry is facing the present price situation with courage and looks to the future with optimism. By the Spring there should be a return to normal buying, according to the general view of Canadian manufacturers as expressed in the Canadian Products Annual Review Number of Industrial Canada which constitutes a valuable symposium of industrial opinion. A revival of activity in the metal and iron and steel industries is anticipated by the Spring. The Vice-President of the Canadian Car and Foundry Company says that while financial conditions may delay the placing of orders for a time, it is felt that within the next two or three months these obstacles will be removed. If labor becomes settled, particularly in the building trades, the President of the Steel Company of Canada looks for a business revival shortly. The outlook of the pulp and paper industry is regarded as favorable with the promise of largely increasing production. The President of the Laurentide Company says that all newsprint mills in the Dominion are contracted up to full capacity, and they have the assurance of the publishers that they expect to use the full amount of their contracts. In the automotive industries, Mr. T. A. Russell, President of Willys-Overland Limited, points out that 70 per cent of the cars now in use are business vehicles. "This," he says, "gives the motor car industry a confidence in its future, and manufacturers generally are looking forward to a gradually improving demand after the first of the year. There has also been a decided check on production in the last six months, and it takes so long to get under full production, when a break has been made, that quite a few keen observers expect to see an actual scarcity of motor cars during the months of March, April and May." Mr. Wm. M. Gray, Vice-President of the Gray-Dort Motors, Ltd., is equally optimistic. As far as their plant is concerned, he regards the outlook for the 1921 market as "very favorable."

In the shipbuilding industry the situation is complex. With the reduction in prices of materials and the increasing efficiency of labor, prices are steadily coming down, and the Managing Director of Canadian Vickers, Limited, Montreal, states that it is confidently predicted that with the further reductions both in wages and materials anticipated in the near future prices will be so reduced as to enable Canada to compete in the open markets of the world, if exchange difficulties can be overcome. Mr. J. E. McLurg, of the Halifax Shipyards, however, sees no encouragement from the present situation and believes that by next July every shipbuilding plant in the country will be closed down for lack of orders.

In the lumber industry the general opinion is that with the small production in recent months and with very much reduced stocks, the industry should experience a prosperous year. In the mining industry, while conditions on the whole are quiet, a revival of gold mining is anticipated in Ontario and British Columbia, and the Fort Norman oil discoveries of the Imperial Oil Company are fraught with great signifance for the country.

A healthy revival of business in the current year is anticipated by Mr. R. G. Tolmie of Canadian Cottons, Limited, Montreal. Carpet manufacturers are looking forward with confidence to the immediate future. In the woollen industry, while there is irritation over cancellations, the outlook is regarded as hopeful. The situation in the flour milling industry is more healthy although the industry was only released from Government control on the first of September last and has many readjustment problems to handle. Mr. S. R. Parsons, of the British American Oil Company, expects that business will be well sustained in the oil refining industry. An improvement is hoped for in the shoe and leather industries.

While there has been a recent improvement in Canadian exchange, the situation still calls for the utmost effort to reduce imports and to conserve Canadian buying power, to ensure the continued operation and prosperity of Canadian industries and of Canadian labor. A partial explanation of the improved exchange is afforded by the official summary of Canadian trade for the month of December. The figures show that imports into Canada of merchandise for consumption during December last year were valued at $85,882,153, as compared with $94,553,432 for December, 1919, and the value of Canadian products exported in December, 1920, was $149,284,325, as compared with $133,541,805 for December, 1919.

These statistics mean that our trade position was better in December, 1920, than in December, 1919, by $24,413,799, and that Canada had a favorable balance on merchandise account alone in December, 1920, of $63,402,172. It must be recognized, however, that interest on our debt abroad and other so-called "invisible items", which must properly be considered in reckoning a true balance of trade, offset any favorable merchandise balance to a very large extent, such "invisible" payments and obligations averaging $25,000,000 or more per month.

While the December returns are encouraging and perhaps justify moderate optimism, closer analysis of exports and imports suggests that the improvement may be largely seasonal and temporary. Of the ten main classes under which our exports are grouped, important increases were shown in only two, these being "agricultural and vegetable products, mainly foods," and "wood, wood products, paper, and manufactures." A small increase was shown in the value of exports of "iron and steel and manufactures thereof." Large decreases were shown in the value of exports of "animals and animal products," "fibres, textiles, and textile products," "ores, metals and metal manufactures, other than iron and steel," and exports in the "miscellaneous" group. The values of exports of "agricultural and vegetable products other than foods" and "non-metallic minerals and products" were also reduced. These declines in considerable measure undoubtedly are explained by price recessions, but Canadians have something to think about in the fact that our exports, other than those of grain and paper, were much lower in value last month than in December, 1919. Grain exports have been abnormally heavy, but this may mean that shipments will be lighter than usual during the remainder of the crop year.

The reduction of $8,671,279 in the value of imports, was due in part to price reductions and also no doubt to the general curtailment of buying by importers until present stocks have been largely liquidated. It should be noted, however, that the decline was principally in imports of free goods. The returns show increased imports of metals and metal manufactures, particularly iron and steel. The value of imports of non-metallic minerals and their products was double that of December, 1919. Then, too, there is another factor on account of which our import and export statistics ought to be corrected. The valuation of imports is practically on a gold basis and considerably less than when measured in Canadian currency. On the other hand, the exports are given in terms of Canadian money. It will be obvious, then, that imports take considerably more money out of the country than the official valuation indicates.

Whatever encouragement there may be in the December trade figures ought to stimulate the Canadian people to still greater efforts to reduce imports from abroad and to increase exports to the greatest possible extent. Our trade position is still a serious one and adverse exchange is materially increasing the cost of living in this country. It is especially serious in the case of coal, sugar, iron and steel, cotton, oils and other products, which are large factors in Canadian family budgets and in the cost of producing goods in this country.

German competition is beginning to make itself felt in Canada and demands the careful consideration of the Government, of manufacturers, and of labor organizations. lready European competitors are seriously concerned. In Sweden there has been such resumption of trade with Germany that there is a general demand among Swedish manu- cturers for higher tariffs. The American Consul at Goteborg has notified his Gov- rnment that it seems certain that this agitation will result in increased protection r home manufacturers.

In Great Britain the attention of the President of the Board of Trade has been called to the dumping of German magnetos on the British market at low figures and he has been asked whether he will prohibit such imports until trade and exchanges are normal, thus protecting a key industry. The British Government has undertaken to introduce legislation dealing with key industries at the beginning of the next session of Parliament.

Germany is also reported to be offering nets, silk embroideries, etc., for sale in Nottingham at lower prices than the cost of manufacture in the centre of the British lace industry. Hosiery, fabric gloves, and cheap cutlery of German origin are being offered in foreign markets at very low figures.

One effect of the low price movement with its disturbance of industrial activity and its unemployment should be to correct much fallacious economic teaching, to emphasize the proper place of capital in the modern economic system, and to reveal the unwisdom of excessive and confiscatory taxation. Without capital, industries perish, and without wages, labor starves. So, if profits are taxed to excess adequate surpluses are wanting to tide over bad markets, and there are no reserves to protect the interests of either employers or employees. In a statement on excess profits taxes and super-taxes on income, before the National Conference Board, at Washington, Mr. Otto H. Kahn suggested that the hidden but certain effects of such taxes in absorbing the cash working capital of the country had not received adequate attention. These taxes, he insisted, have created an intolerable strain on the financial resources of the country, a scramble for money, inflation of credit and mounting costs, and finally, have forced liquidation and a sudden and violent shrinkage of values affecting both manufactures and the products of agriculture.

Mr. Herbert N. Casson, the London, England, correspondent of The Wall Street Journal, says that in Great Britain the Excess Profits Duty is a failure. "Although it was raised from 40 per cent to 60 per cent, it has brought in $100,000,000 less than last year, in the first six months of its operation. This tax is now regarded as an intolerable burden. The E. P. D.--so says the British business man--means Extortion Paralyses Development.' Although the collectors have made every possible effort to collect it, it is still $1,400,000,000 in arrears."

In the United States the excess profits returns for 1917 are still under audit and it is stated that the Audit Bureau at Washington is demanding $500,000,000 of back taxes for each year since excess taxation was imposed. The Chief of the Bureau has stated that in twelve months, if the staff of auditors could be increased, he could collect back taxes to the huge amount of $1,500,000,000. It is stated that the annual cost of collecting such taxes in the United States is $25,000,000, while business interests are required to spend $100,000,000 for expert advice in the preparation of statements. In both the United States and Great Britain it is natural, therefore, that there should be increasing determination to modify or abolish taxes which only the extreme necessities of war could justify. In the United States the whole system of taxation is undergoing thorough examination. It is said that the Ways and Means Committee at Washington is disposed to repeal the Excess Profits Taxes, increase the 10 per cent tax on net earnings of corporations, reduce the surtaxes on large incomes, raise the amount of income exempted from taxation, impose new excise taxes, and increase the taxes on tobacco and other articles. There is no doubt that protectionist duties will also be increased and possibly graduated taxes imposed on the undistributed earnings of corporations. In Canada the Luxury Taxes have been abolished. Parliame at its next session should give full consideration to present methods of taxation.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 97. TORONTO, CANADA February 23, 1921.

FOR RELEASE upon receipt

The menace of German competition to Canadian industry is real and immediate. Despite German mourning over the supposed chaotic condition of German industry, evidence is accumulating rapidly that German manufacturers in many lines are regaining trade which was lost to them during the war. Reports to the United States Department of Commerce from Argentina, tell of increasing German competition in that country. For example, a state railroad in Argentina recently asked for quotations for 10,000 car wheels. The lowest bid received from the United States was $45.50 each, c.i.f. Santa [illegible], whereas the Krupp firm in Germany submitted a bid of $18.31 each, c.i.f. Buenos Aires. Official reports from Mexico also show that quotations on German hardware are [illegible] per cent lower than quotations for United States products of similar quality. The low quotations on German products are, of course, explained largely by the exchange situation, which to-day is menacing the industries of high exchange countries such as the United States and Canada, by competition of products of countries whose currency is greatly depreciated in international trade. It cannot too strongly be emphasized that in selling to this continent European countries have the advantage of a considerable part of the exchange in the cost of labor and in the cost of raw materials of native origin.

Despite readjustment difficulties, German manufacturers are undoubtedly availing themselves of the advantages which the exchange situation gives to them in international trade. In a recent statement, a British Government official said that "Germany is still a perfect industrial machine, running at low speed, it is true, but undamaged as yet in its vital parts, and would respond readily to any stimulus." The Guaranty Trust Company of New York, which has just issued an analysis of "German plans to extend foreign trade," written by the Assistant Manager of its International Trade Department, quotes this statement with approval.

German exports for the first five months of 1920 were valued at 23,688,000 marks, as compared with 10,057,000 marks for the entire year of 1919. The writer points out, however, that these export figures include goods delivered to the Allies under the Treaty of Peace and also that from the signing of the Armistice in November, 1918, until March, 1920, an enormous volume of goods was smuggled out of Germany through the occupied territory, the so-called "hole in the West." For the eleven months ending November, 1920, the United States imported from Germany imports valued at $84,000,000, as compared with $10,608,141 for the entire year of 1919. (German imports into Canada for the eight months' period ended November 30, 1920, were valued at $725,322, as compared with a value of $11,862 for the corresponding period of 1919.)

The analysis continues as follows, in part: "Thousands of German salesmen are reported to be at work not only in the former neutral countries, but in all the European and Asiatic countries with which they were at war, offering low prices and long credits and promising quicker deliveries than their competitors. Buyers from many of the larger nations are now in Germany placing substantial orders for motor trucks, dyestuffs, toys, iron and steel products, pianos, glassware, knit goods, sewing machines, electrical goods, and hundreds of other items. . . . .

"Some months prior to the end of the year warehouses in all the large cities in England were filled with German toys of all kinds. Representatives of German firms, including many Norwegians, Swiss, Danes, and Swedes, canvassed the trade thoroughly, offering their wares at an average increase in price over pre-war days of about 100 per cent, and promising quick deliveries. With the exception of dolls, which were priced at about 50 per cent cheaper than the English make, the general run of these German toys were priced at about the same price as the British toys of similar character.

he German firm sold thirty different kinds of dolls in England, three of them at prices considerably below the English dolls. It is estimated that the sales of German toys in England in 1920 amounted to over $9,000,000 compared with $1,850,000 in 1919."

In this connection it is pointed out that toy making in Germany is "a highly specialized industry, liberally supplied with grants for scientific research, with technical schools maintaining special classes to teach toymaking, and it is for the greater part an industry run on up-to-date factory lines where the advantages of large scale production are fully appreciated."

"German nets, silk embroidered, are being offered for sale in Nottingham at a lower price than cost of manufacture in that center of the British lace industry. Mr. ffrey Cheesman, the secretary of the National Union of Manufacturers, states that he has in his possession scores of business letters received by British firms from German manufacturers. The correspondence and catalogues are attractively written in English, and most of the articles offered for sale are at about half the cost at which they can be obtained in Great Britain. One firm in Berlin offers 'Bosch' magnetos at £5 each in cases of five. These magnetos cannot be purchased in England at less than £12 each. These instances could be multiplied tenfold. Among the articles mentioned in the catalogues are German tools offered at 4 shillings each, which cost 15 shillings each in London. One German house offers vacuum flasks which are without any marks whatever. A London company has received an offer from Charlottenburg of three or four ton lorries at £500 each. A consignment has been bought by a British dealer to resell. Most of the English makes are double this figure. . . . .

"The slowing down of some of Britain's new industries, such as dyes and chemicals, photographic materials and scientific instruments, and in some cases the actual closing of factories as the result of German competition, have brought forth vigorous protests to the Government and appeals for protection. The National Union of Manufacturers has been deluged with communications from its members giving specific examples of German price cutting. One manufacturer complained that children's rackets were being sold at 72 shillings a gross, while the British article could not be sold under [illegible] shillings a gross; a three-quart kettle of British manufacture is being sold for three shillings and ninepence, while the German article is being sold for sixpence; a fine grade of German nail scissors is being sold at nine shillings a dozen, while Sheffield was selling them at twenty shillings; German pianos were being sold at seventy pounds, while British instruments could not be purchased in England for twice that money; German milling machines were being offered at seventy-five pounds as against an English factory cost of one hundred and eighty pounds. German first class spectacle lenses are offered at nine shillings per dozen pairs, a price one shilling lower than the cost price of English third quality lenses; German hooks and eyes are being sold at four and one-half pence per pound, while the wire alone costs British firms six and one-half pence. . . . .

"Agitation against German 'dumping' is active in all the former neutral countries. The Stockholm Iron Institute demands that duties be raised as much as 500 per cent, pointing out that German daily wages are about four crowns, Swedish currency, as against a daily wage of almost sixteen crowns in Sweden. The Swedish Electrical Industries Association has also petitioned the Government, stating that production cost in Germany is between two-fifths and two-thirds that of Sweden. Finland is faced with a similar problem.

"Germany is flooding Holland with her industrial machinery, agricultural implements, wrought iron, cutlery, hardware, fancy goods, cotton piece goods, woolen manufactures, and certain kinds of foodstuffs. In recent months German exports to Holland have increased to such an extent that the railways and parcel post offices have had great difficulty in keeping up with the work involved. German manufacturers are invading the colonies of the Netherlands to such an extent that some branches of the overseas business in Holland are becoming alarmed. . . . .

"Large and varied consignments have reached South America - particularly Argentina and Brazil - from Germany, recently, deliveries including machinery, cutlery, enameled ware, electrical supplies, weighing appliances, musical instruments, fancy goods, stationery, toys, clocks and watches, paints and chemicals. In general, the quality is reported to be as good as before the war. The League of German-Brazilian firms, with offices at Rio de Janeiro, has recently resumed activities after suspension during the war. . . . .

"A small but steady stream of German goods is arriving at Far Eastern ports. The recent arrival in Yokohama of one thousand casks of German indigo created consternation in the new dye industry in Japan. . . . . Japan has recently passed a law to prevent 'dumping.' A growing volume of imports from Germany is reported from Chinese ports. . . . . Germans are undoubtedly well received by Chinese business men, partly on account of the long credits which they are willing to grant. German goods are also entering Egypt in considerable volume, while Egypt is exporting to Germany large quantities of raw cotton . . . . . In the German bid for world trade Russia, of course, occupies a prominent part. German salesmen are to be found in the most remote parts of Russia renewing connections and making expert investigations. . . . .

"The German Ministry of Foreign Affairs has recently organized a Foreign Trade Bureau to gather and disseminate commercial information. The bureau is governed by a council of thirty members drawn from other Government departments. News suitable for immediate publication will be printed daily in the Nachrichten fur Handel, Industrie, and Landwirtschaft (Information for Commerce, Industry, and Agriculture). Confidential information will be transmitted to interested persons in special bulletins. . . . German newspapers are supplied with a special service. The Foreign Trade Bureau is now issuing a series of booklets dealing with foreign markets for certain commodities. German diplomatic officers, consuls and commercial attachés are supplied with up-to-date information concerning conditions in Germany.

"All the firms and associations engaged in foreign trade were recently welded together into one great organization known as the Association of German Export Firms, with headquarters in Berlin. This organization includes manufacturing and shipping. One of the most important activities of the Association of German Export Firms has been the classification of export markets for machinery and engineering products into two categories - those engaged in operations in which the competition of the United States and Great Britain is likely to be negligible and those in which the competition is expected to be keen. In the first classification the German plan is standardization and simplification of all machines and tools, and for the latter a policy of shaping output to meet the exact needs of individual markets. While Germany lacks raw materials and her labor is not yet as efficient as in pre-war days, industrial plants are being operated to their utmost capacity by the systematization of every process and by the amalgamation of allied lines to an extent never before attempted. Concentration of industry is the keynote of the German industrial reorganization. . . . . With the exception of East Africa, East Asia and Australia, all important parts of the world are again being served by German steamship lines, with chartered ships, ships of their own, or in collaboration with foreign shipping companies. . . . .

"Many vital items of production cost are far lower, in gold, than before the war, this although gold prices in all free markets have risen greatly. Herr Dahlberg, an official of the Import and Export Licensing Bureau, estimates that German production cost is about a third of English. . . . . German manufacturers have, of course, an advantage over the manufacturers of other countries owing to the low value of the German mark."

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 98. **TORONTO, CANADA** February 24, 1921.

FOR RELEASE upon receipt

The Minister of Agriculture has introduced into the Ontario Legislature three bills designed to provide for both short term and long term rural credits. In general, these proposed measures resemble the Manitoba Rural Credits Act, 1917, the Manitoba Farm Loans Act, 1917, and the Provincial Savings Act (Manitoba), 1920, but they depart from the legislation of the sister province in important provisions.

The Ontario Farm Loans Bill would authorize provincial incorporation of farm loan associations in any part of Ontario, with one-half the capital in every case subscribed by 30 or more individual farmers, each of whom must have subscribed to one share ($100.) of stock; one-quarter the capital subscribed by the local municipality; and the remaining one-quarter of the capital subscribed by the Government of Ontario. In Manitoba such participation by the municipality and by the province is permissive and voluntary only: in Ontario it will be compulsory if the bill is enacted in its present form.

The bill contemplates that such associations should receive applications for loans from individual members and that, as loans be approved by the local associations, the money should be borrowed on the collective liability of all the members. The rate of interest payable by the borrower must not exceed 7 per cent., and one-seventh of such interest must be paid to the local association to help to defray expenses, pay dividends of not more than 6 per cent on the paid-up capital, and build up a reserve. Loans must mature on or before December 31 of the year in which they are made, but would be renewable at the discretion of the directors of the local association, apparently without reference to the lender. The association would have a lien on all property purchased in part or whole with the proceeds of any such loan and, by filing a certificate, would thereby obtain a lien on all the personal property of the borrower. The bill would empower the Provincial Government to lend money to any farm loan association and to enter into agreements and guarantees with banks, loan companies or other corporations to secure funds for financing such associations.

The Agricultural Development Bill provides for creation of an Agricultural Development Board, appointed by the Government and vested with power to issue bonds to the amount of $500,000. Such bonds, in whole or part, could be purchased by the Provincial Government with money from the Consolidated Revenue Fund. The Government could also authorize the Board from time to time to issue other debentures to furnish funds for mortgage loans and such bonds could be guaranteed by the Province. The proposed Agricultural Development Board would make loans for the purposes of acquiring lands for agricultural purposes, erecting farm buildings essential to production, or paying insurance on life or property. Loans could be issued for any period from three to thirty years and must be on the amortization principle. A loan to any one person must not exceed $21,000 and must have as security a mortgage on at least fifty acres of land, the amount of such loan being restricted to 65 per cent of the value of the security.

The Agricultural Development Finance Bill, if passed by the Legislature, would empower the Provincial Treasurer to accept public deposits, paying thereon interest at a rate of not less than 4 per cent per annum. Offices could be opened at various points in Ontario for the purpose of receiving such deposits. The Bill provides that funds raised in this way could be invested in loans to members of farm loan associations or in bonds or debentures issued by the Provincial Agricultural Development Board, or in Dominion, Provincial or Ontario municipal securities.

The three rural credit bills have been introduced following the findings of a Special Committee which reported recently on the subject. The Committee proposed that Ontario farmers organize, with private capital and under private control, a joint savings institution and land mortgage bank, that deposits be solicited from the public, that such deposits be guaranteed by the Government of Ontario, that they be made subject to withdrawal on the same terms as savings deposits in the chartered banks and that interest be paid on them at the rate of 4 per cent per annum. The Committee's plan was that such institution should lend public deposits through the local farm loan associations to meet only so-called short-term credit requirements, and that the capital of the institution and money obtained by the sale of its debentures should be used for mortgage loans.

It is highly desirable that Ontario agriculturists should be able to borrow money for their reasonable needs and at as low interest rates as are justified by prevailing economic conditions. But there is actually a much smaller supply of money in the world today available for loans, in proportion to the demand for loans, than has been the case for many years and the desirability of credit for any class or element must be considered in the relation to the entire world situation. The common mistake is in failing to recognize that, under sound financial practice, lending institutions cannot or should not lend in excess of the total of their capital, reserve and deposits, and, in case of loan companies, money raised by the sale of bonds or debentures. For such loanable money as is available the agriculturists must - and probably should - compete with other prospective borrowers, for such competition is the only known means of eliminating that part of the demand which economically is of less urgent importance. The legislation proposed could not increase the aggregate of loanable funds. Rural credit systems in Europe in some cases have attracted funds which were not otherwise in use, but the Canadian banking system has been so efficient and has the confidence of the Canadian public to such an extent that there is practically no hoarded money which could be brought forth by offering a slightly higher rate of interest than is now paid or by supplying a Government guaranty. Any success which may attend the Government's efforts would be obtained by diverting funds from private institutions to the Government. So far as the so-called short-term credit project is concerned, the plan involves no increase in available funds but proposes to interpose between the lender and the borrower another middleman and to give to such middleman a toll of one-seventh of the interest rate.

For the present, the Agricultural Development Bill probably should be regarded merely as an enabling measure. The Provincial Government already has large capital obligations to finance by sale of bonds and until investment funds are in more plentiful supply it is scarcely believable that the Province will attempt to engage largely in the mortgage loan business with money raised by bond issues. But even if there were not such commitments, the granting of long-term mortgage loans to a single class, at a time of price uncertainty is not without elements of risk and the use of public credit for such purpose ought to be considered carefully. The Canadian banks may be invited to finance short-term credits through the farm loan associations, as indeed they financed the Manitoba Rural Credits societies for more than two years. But in Manitoba the banks consented to participate because the Rural Credit Act was designed originally as a means of providing credits in pioneer communities and only a comparatively small amount of funds would be required for such purpose. They protested when the scheme was extended to well organized and "well banked" districts, inasmuch as they were called upon to supply funds at low rates for Rural Credit Societies to be used to some extent in competition with the banks' own branches. Nor is this the only reason why the banks cannot fairly be expected to use demand savings deposits to finance the proposed farm loan associations in Ontario. They have been, and still are, lending largely in aid of agriculture, but practical experience has established and abundantly justified the policy that savings deposits, being actually subject to withdrawal on demand, should be employed only to provide working capital under short-time loans. To the extent that the banks have money to lend, if agriculturists and other borrowers are able to show that short term loans can be used profitably by them, they already can obtain such accommodation without the necessity of paying an additional one per cent to any farm loan association. It may well be that relatively more capital will have to be employed to finance intensive agriculture than has been required in the past, in which case the increasing profitableness of using additional loans will enable competent farmers to meet market rates and obtain such credits as they can use to advantage.

any event loans by the Canadian banks are placed carefully and as a rule with ample urity and the offering by a loan association of collective instead of individual ility would not appear to warrant the addition of one-sixth to the interest rate on ans guaranteed by such association. It is probable that the better class of farmers ill continue to obtain loans from the banks on terms at least as favorable to the riculturists as those on which credits could be provided through farm loan associaons and that the latter would be left to guarantee loans to farmers whose credit was ot so good and who consequently were unable to get loans from the banks.

It probably would be possible for the Provincial Government to obtain control, rectly or indirectly, of a considerable amount of public savings deposits which therwise would be administered by the banks for short-term, rapidly-liquidating loans, d employ such money for loans to farmers. But careful consideration ought to be given whether such use of trust funds, which the Government would be obligated to repay demand, would be sound and safe. The Committee on Rural Credits has reported that ll the farmer's processes run from 8 months to two, three and four years and he is t in position to repay capital advanced for such processes until these periods expire d his returns arrive." In other words, short term credits to Ontario farmers would an loans of actual maturities ranging from eight months to four years. The Farm Loan ill provides for loans nominally repayable by December 31 of the year in which they re issued, but renewable at the discretion of the local association. It is proposed take public savings deposits, withdrawable practically on demand and now administered for the most part by the banks, and employ such funds in loans to agriculturists. ile designated as "short term," the proposed farm loans would not be nearly as liquid the loans for which such deposits are now used. There appears to be a very real nger that the agricultural loans might in large measure become "frozen credits," upon ich the Government would not be willing or able to realize quickly in case of a sudden demand for repayment of deposits.

Governments generally can raise current funds quickly by sale or pledge of government bonds, but public savings deposits ought to be safe-guarded against emergency ifficulties. That the possibility of governments being unable to pay their demand ligations is not only theoretical and fanciful is proved by the experience of every ate in the United States which has ever entered the banking business and by the difficulties of North Dakota which has been unable to sell its bonds and today is in such raits that the State bank cannot cash the salary cheques of the legislators or repay blic demand deposits guaranteed by the State. While a small proportion of the resources of the Canadian banks is not in liquid form, nevertheless by far the larger part f the banks' loans is highly liquid. The banks, by sound, conservative policy have n the confidence of the public that money deposited with them will be withdrawable on emand. This confidence has been justified by the organization of the Canadian banks ith large capital and double liability of shareholders, - which constitute a guaranty ehind trust funds - and by the practice by the banks of keeping so large a proportion f their assets in liquid form. It is now proposed to substract from bank deposits by fering a higher interest rate and by assuring depositors that their money will be payable on demand - and yet to employ such deposits as working funds for a class of siness different from that upon which the prestige of the banks has been built. There is insufficient experience to justify the claim that deposits so used can be repayable on demand under emergency conditions. If any part of the public wishes to take hatever risk may be involved, the responsibility will rest with such depositors and ith those who solicited their deposits. But it cannot too strongly be stated that the oposed security behind deposits with the Government is of a class midway in point of "liquidity" between the assets of the banks and the assets of investment companies.

Aside from considerations as to the economic propriety of providing funds for ral credits by the means proposed, one may question the wisdom of requiring compulsory bscriptions to the stock of local farm loan associations by the municipality and by the Provincial Government. If the system is considered sound, in most cases the municipality would be willing to subscribe, but a compulsory provision of this kind smacks too much of North Dakota legislation, especially at a time when the province is confronted with the necessity of borrowing considerable money by the sale of bonds.

The Committee appointed by the Government recommended strongly against any stock subscription by the local municipalities or by the Province. Then, too, it must be remembered that the contingent liabilities of the Province on account of guarantees and otherwise already are large and the policy of greatly increasing such liabilities, by guaranteeing deposits used for rural credits and by assuming liabilities on account of subscriptions to the capital stock of farm loan associations, ought to receive the most careful and thorough consideration. It has been claimed frequently that the agricultural districts provide a very large part of the savings deposits in the Canadian banks. If the statement be true, it would seem not unreasonable to expect the farmers, of their own initiative and thorough private organizations, to furnish such agricultural credits, in addition to those available from the present institutions, as may be considered economically legitimate. Use of the public guaranty for unlimited loans to a single class and to the prejudice of all other borrowers is open to objection.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 100. TORONTO, CANADA March 23, 1921.

FOR RELEASE upon receipt

While Canada is divided over fiscal issues and organized farmers and radical elements demand revolutionary reduction of the tariff downwards, Australia faced with similar problems, is concentrating its efforts on developing its industries, increasing its population, extending its commerce, and stimulating national prosperity. Authorities writing of conditions in Australia in a special section of the London Times' Trade Supplement, report the Commonwealth as a unit in supporting policies for national development.

"Australia is determined to be a manufacturing, as well as a producing country," says Senator E. D. Millen. "Having long since emerged from the pioneer stage, she is resolved to make further strides along the road of industrial development. This is perhaps the most important fact that can be mentioned in connection with her present position and future outlook. It is pregnant with possibilities. To the Empire, and especially the Mother Country, she is holding out special inducements to come and help in the work and share the resulting profits. These inducements are of a substantial, tangible character in the shape of a preferential tariff and a system of deferred duties to facilitate the inauguration of industrial concerns and to protect them in their subsequent operations."

"Never before in the history of Australia," the writer continues, "has there been such unanimity as to the necessity of stimulating immigration. This problem is impressing itself with growing emphasis on public opinion throughout the Commonwealth. It is the intention of the Federal Government to make a serious attempt to attract immigrants of the right sort. Indeed, steps have already been taken to put this policy into operation. A Federal Immigration Department has been established in London. At this end the work will be to enlist suitable immigrants and arrange shipping facilities. In Australia a complementary organization will arrange for the reception, care, and placing of the newcomers.

"With the infusion of new blood the development of Australia will proceed apace. Wealth will be created. Her production will increase. Her commerce will expand. Her people will enjoy a new era of prosperity. Her high standard of living will be maintained. It is the desire of her people that the Mother Country should participate in these benefits and assist in building up in the Southern Seas a nation that will be not a mere outpost, but one of the bulwarks of the Empire."

Dealing with the attitude of Labor, Mr. Keith Murdoch, after pointing out that "the war's lesson that she must have big manufacturing industries has been so learnt by Australia that she offers strong inducements to British manufacturers" and that Australia "has been saving hard herself to establish local industries," says this policy has "the whole-hearted support of Australian Labor."

"The popular conception of the Australian Labor Party as wholly narrow-minded and class-absorbed is wrong," he says. "But in the days immediately ahead no section will be more tested than Australian Labor. Will it, while accepting British capital with one hand, work zealously with the other? Will it confirm the great immigration policy soon to be launched by the Hughes Cabinet? Will it agree that Australia's destiny lies in its full development, with the help of other British nations, as a member of the British Family of Nations? From close observance of the party I am convinced that the answer in each case is 'Yes.' Australia's period of greatest immigration activity was when she had six Labor Governments. The Fisher Administration interpreted as liberally as any other the laws providing for the admission of contract laborers. Many families headed by skilled artisans went to assured jobs and happy lives in Australia from this country during the periods of Labor power. And it was Labor Government that sent away the first divisions of Australian soldiers, formed in great part from the labor unions. Trade, the life-blood of the Empire, must be allied to labor; and the alliance in Australia is not one-sided. There are no better workers than the Australians, none with greater individual capacity or more pride in good work. The danger lies as much with manufacturers and traders who will not realize that they must depart from pre-war ways and make serious and special efforts, as with Labor leaders who think narrowly. An alliance between the two is needed if Australia, which to-day can boast of only 12,500.000 acres cultivated out of 200,000,000 acres suitable for wheat, is to become the great settlement of British peoples which she must be if the British Empire is to continue."

As a concrete illustration of Government co-operation with manufacturing and agricultural interests to develop national industries, a special correspondent gives the following details of "the Great Scheme" to develop textile manufacturing on a huge scale:-

"The Commonwealth Government are taking active steps to encourage private enterprise to undertake the manufacture of woollen goods. Not only are Australian mills to supply all the requirements of the Australian people in woollen goods, but to develop a large export trade. The Director of the Commonwealth Bureau of Commerce and Industry has drawn a scheme outlining the conditions necessary for extending the textile industry until the whole of Australia's production of raw wool is turned into manufactured goods in Australia. He estimates that this could be accomplished in from 10 to 15 years, and that 110,000 additional mill-hands would be required, representing an addition of 500,000 people to the population. Business men connected with the woollen textile industry in Australia regard the scheme outlined by the Director of the Commonwealth Bureau of Commerce and Industry as decidedly optimistic; they think it will take a much longer period than 15 years to extend the industry to the limits indicated. The Commonwealth Government have authorized the Director to take steps to extend through private enterprise mainly by the co-operation of the wool-growers, who number 80,000, and the business men associated with the woollen mills now operating in Australia) the textile industry, until at least one-third of Australia's production of raw wool is consumed locally. It is estimated that a capital of £13,850,000 will be required for land, buildings, plant, and power to carry out this extension.

"The Commonwealth Government have also been in negotiation with some of the largest millowners in Yorkshire, with the object of inducing them to open branch works in Australia. Emphasis has been laid on such facts as the ample supplies of raw wool in Australia, the ample protection afforded by the tariff, and the eventual equality of the rates in English and in Australian woollen mills. Some Yorkshire companies are favorably considering the establishment of branch works in Australia, and are making careful inquiries through Australia House into local labor conditions and labor legislation. British capital is behind at least two of the woollen mills which have recently commenced operations in Australia. Meanwhile Australian millowners are extending their works, though they are still hampered by the high price of machinery."

There is no party in Australia to-day demanding radical tariff reductions in defiance of the whole international economic movement towards protection. All classes are intent on industrial stability and national development. The Made in Australia movement was never stronger. "The advent of Federation, and the increasing proportion of native-born Australians among the population," a correspondent writes, "have witnessed the disappearance of the prejudice against Australian goods, and the gradual growth, of a positive preference for them. The practical education of the Australian community in regard to the extent and quality of local manufactures was begun soon after the establishment of Federation by frequent exhibitions of Australian-made goods in the chief cities--a work which was inaugurated by the Australian Natives' Association, with the co-operation of the manufacturers.

"Of course there are fervidly patriotic Australians who insist that the preference shown to-day for Australian-made goods is based on the superiority of the locally manufactured articles over imported goods; but others, who are less blinded by patriotism, give preference to Australian goods, because they know that thereby they are helping to build up a prosperous Australian nation. It is remarkable to what an extent the idea of nationhood permeates Australian life in these days and stands behind the velopment of Australian manufactures. The conception of the future of the British pire as a Commonwealth of Free Nations appeals to the people of Australia, and they alize that if they are to hold an honored place in that Commonwealth, and also to rk out their own destiny in their own way, they must make Australia a great manufacturing country. And the first step towards that is that Australia should reach economic dependence by producing its own requirements in manufactured goods."

Canada needs the same vigorous industrial policy as Australia, the same patritic support of the home market, the same appreciation of the necessity for immigration, e same national conception of national problems, and the same spirit of serious coperation to maintain agricultural and industrial prosperity and to stimulate national velopment.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 101. TORONTO, CANADA April 6, 1921.

FOR RELEASE upon receipt

The Made-in-Canada movement, aided by the exchange situation, consideration of the great National problem of finance and taxation, and the efforts of most Canadian manufacturers to produce the best possible goods to sell at the lowest prices consistent with good quality, is steadily gaining the support of the Canadian people. To an increasing extent Canadian retailers are purchasing Made-in-Canada goods. One large retail establishment which formerly boasted that it specialized in exclusive lines of imported footwear, is now making an increasing proportion of its purchases in Canada. When an explanation of this development was requested the following reply was given: "Many of our customers are now asking for Made-in-Canada shoes and we are buying the Canadian product to meet such demand." Unquestionably this answer was only a partial explanation. Canadian footwear represents much better value than the American product offered for sale in Canada. On the average, boots and shoes made in the United States may have a little more polish and somewhat more attention may have been paid to finish, but Canadian shoes excel in wearing qualities. Indeed Canadian shoe manufacturers are now making footwear which is unsurpassed anywhere on the continent in wearing quality, style and finish. It is time the Canadian people realized that their Canadian dollars will buy better quality in Canadian boots than in imported footwear and the lesson is being learned.

Canada is maintaining rigorous immigration regulations for the avowed purpose of protecting Canadian labor, yet the fact is overlooked that Canada and the Canadian people are supporting much factory labor abroad by purchasing imported manufactures or semi-manufactured goods. Rigorous immigration laws are worse than useless unless adequate tariff protection be provided to keep our own industries in operation instead of opening the doors to a flood of imported goods. Exports of Canadian produce during the month of February, 1921, were valued at only $65,237,738, as compared with a value of $86,655,190 for the same month of 1920, a reduction of $21,417,452, whereas the value of imports in February, 1921, was $71,970,507, a reduction of $15,526,349 from the value of imports for February, 1920. In February of last year the merchandise trading account was in Canada's favor by $841,666, but in February, 1921, it was unfavorable in the amount of $6,732,769. For the eleven months ended February, 1921, imports for consumption exceeded in value exports of Canadian products by $26,486,954. Agricultural products and wood products, including paper, continue to be the biggest factors in our export trade, while a very large portion of our imports consist of manufactured and semi-manufactured goods.

It is striking evidence of the inadequacy of Canada's present "dumping" clause that many of the briefs presented to the Tariff Committee during the hearings throughout Canada pointed out that the practice of "dumping" was prevalent and constituted a most serious menace to Canadian industries. It was abundantly demonstrated that the dumping regulations were circumvented. Various devices, some of them exceedingly ingenious, have been resorted to by manufacturers abroad in order to dispose of surplus stocks in Canada at "dump" prices, with a view to getting these goods out of the country of manufacture and protecting their own home market.

In view of the evidence that has been presented, it is earnestly to be hoped that the Government, in the forthcoming revision of the tariff, will make provision for such amendments to the Customs Act as may be necessary to provide that the value for duty purposes shall not be less than cost of production of the imported goods (or of similar goods) to the manufacturer in the country of export, and also to require, the discretion of the Minister of Customs, that any or all invoices be accompanied r supplemented by an itemized statement of such cost; and that the expression "cost f production" be defined to include the full cost of materials and fabrication and ll costs in connection with finishing, preparing and packing the goods for shipment, cluding selling and all other general expenses covering each and every outlay of atever nature incident to the production and sale of such goods by the manufacturer, gether with an addition to the whole of not less than ten per cent.

Under conditions of stress and strain involved in the sudden readjustment of rices of many raw materials and manufactured goods, the Canadian banking system has ood out in remarkable contrast with the system in the United States. In the United tates there are some 30,000 independent banks organized under the laws of almost fifty parate jurisdictions. In Canada we have 18 banks with a total of 4,675 branches in e Dominion. Besides the 35 or 40 banks in North Dakota which have been forced to ose their doors, bank failures and suspensions have occurred elsewhere throughout e United States. In Canada there has been no failure and the Canadian banks have t the difficulties incidental to the turn in prices without the slightest suggestion f panic or embarrassment. A policy of caution and prepardness against contigencies s adopted in ample time, and was made effective through the control by the Head ffices of the operations of their branches. As a result, Canadian industry (including griculture) and commerce have been assisted through a much more gradual and less tly readjustment than that which has taken place in the United States and elsewhere. er-extension of credit such as occurred in the United Stated was never permitted to ke place in Canada in anything like the same measure. Undoubtedly there has been flation here, but it occurred rather as a result of the Government's financial needs d probably unavoidable increases in the circulation of Dominion notes than of inflation by the banks. Moreover, the branch banking system by reason of its organization ble to foresee and to prepare for the inevitable economic adjustments and price clines, and, by reason of such preparation, to extend more liberal aid when aid was eded most urgently.

In contrast with the remarkable stability of the Canadian banking system, a bility which is shared by financial institutions of other types as well in Canada, e seldom picks up a paper from the United States without reading of one or more ilures. For example, in a recent issue of The Wall Street Journal the following two gnificant paragraphs were found:

"Depositers will lose 50% of their cash as result of Farmers & Merchants Bank of Sullivan, Illinois, closing with shortage of $262,000 in deposits."

"Central State Bank of Phoenix, Arizona, capital $150,000, voluntarily suspends business until March 28."

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 102 **TORONTO, CANADA** April 13, 1921.

FOR RELEASE upon receipt

There was much criticism of companies in Canada, as elsewhere, on account of alleged abnormal profits during the war. But surely it is only fair that in considering profits in manufacturing or other industries, an average should be taken for a number of years. It ought to be recognized that an investment in any manufacturing business requires the risk of considerable capital which has to be tied up in plant, machinery, raw materials, advertising, etc., and that such capital cannot be withdrawn at will without heavy loss. It is true that in some lines of industry profits during the war were higher than during pre-war years, but in general such profits resulted from enlarged quantity production and the profit on each unit of output was little, if any, higher than in pre-war days. Readjustment of prices has come and has brought with it heavy losses to manufacturers in almost every line of industry. In some cases all the profits that were made during the war have been wiped out and some businesses are now in an even less favorable position than they were before August, 1914.

An example of how the profits from a period of comparative prosperity may be lost completely within a few months by declining values of raw materials, business depression, or otherwise, is afforded by the recent annual report of a Canadian company which is the largest producer of boots and shoes within the British Empire. At the end of 1919 this company had a surplus of $992,354. During 1920, the company's net sales exceeded $6,000,000. It paid not a cent on its outstanding common stock and only 5¼ per cent on its preferred stock, or less than a similar investment in Victory Bonds would have yielded, yet as the result of a year's operation, the surplus of nearly a million dollars was converted into a deficit of more than $470,000. Trading operations alone in 1920, due to curtailed buying and other factors, resulted in a net loss of $508,586. In addition the shrinkage in inventories during the year meant a loss of $922,768.

Practically every industry in Canada has been seriously affected by the readjustment in values and by changed business conditions and criticism of manufacturing companies which does not take account of losses in lean years as well as of profits in periods of prosperity, is unfair and unreasonable.

Facts have disproved the argument that the exchange situation would not give any advantage in international trade to low exchange countries because the purchasing power of their currencies would be depreciated by the amount of exchange. The contention, which was based on purely theoretical reasoning and did not take account of all the factors, was followed by the view that while lower exchange perhaps would give some advantage in international trade, in respect of those commodities produced chiefly from raw materials obtained from home sources of supply, nevertheless such advantage to low exchange countries would not be great and the general alarm over the exchange situation had no justification. This view fails to recognize adequately the advantage which exchange gives to low exchange countries in competing for foreign business. We were not surprised when German rock salt, produced from German sources, was offered in Montreal and district at prices much below the bare cost of supplying Canadian salt; but we were assured that the situation was only temporary and that Germany would not have any advantage in respect of manufactured goods for which raw materials had to be imported. But this claim, also, is disproved utterly by the announcement that cheap German cotton stockings have recently been offered in Canada at prices as low as $1.65 per dozen, which is much below the cost of producing even the cheapest grade of cotton stockings in the Dominion. German manufacturers have to import all their cotton, but they have the advantage of exchange on their labor, overhead expenses, and profits--in fact on every item of their cost except those raw materials which have to be brought into Germany from abroad.

During the ten months ended January, 1921, German goods were imported into Canada to the value of $872,623, as compared with a value of only $27,146 for the ten months ended January, 1920. Other low exchange countries have similar advantages which vary only in degree in exporting to Canada.

While Germany, facing tremendous indemnities, pleads almost financial and industrial collapse, there can be no question that its industrial competition is beginning to make itself felt amongst the nations of the world. "There is no reason," says the New York Journal of Commerce, "to doubt that Germany will resume her economic progress, although its pace may be less rapid than in the past, always assuming that peace and good order prevail in the country. Briefly, the vast resources still at the command of Germany combined with the ability and industry of her people should be able to produce a great surplus with which to pay the Allied indemnities. Such indications of poverty as are visible in Germany are the result of the financial policy of the Government. Money has been spent lavishly and recklessly, partly to make the men in power popular at the expense of the taxpayers and partly to create the impression that Germany is utterly ruined."

Germany is dumping goods into Sweden to such an alarming extent that the Swedish Government has under consideration the imposition of higher import duties to protect the home market. The Stockholm, Sweden, correspondent of the London Times, writing in a recent number of The Times' Trade Supplement, said: "This German competition, which here goes by the name of valuta dumping, as it is based on the difference between the value of the German mark in foreign exchanges and its actual purchasing power in Germany, is on the increase, and is having a disturbing effect on most Swedish industries, where the rate of wages and costs of production are so much higher.

"Cases are quoted where German goods have been offered at prices 50 per cent lower than those of corresponding Swedish products. Underselling to the extent of 30 and 40 per cent is not uncommon. But the benefits derived from the rates of exchange are not the only atvantages which render this German dumping possible.

"German costs of production, it is known, are reduced by special subventions for diminishing the cost of living in industrial centres and thereby ensuring a comparatively lower rate of wages. This is regarded here as resembling the old dumping system under which, by means of State grants, German products were sold more cheaply abroad than in Germany itself, with the sole object of ruining the industrial production of other countries. The outcry against the proceeding is therefore becoming all the more vehement."

The correspondent doubts whether any theoretical opinion will prevent the continuation of such dumping by Germany or the adoption by other countries of the anti-dumping measures now in contemplation.

The Commercial Attaché at Santiago, Chili, in a report to the Department of Commerce, states that German goods are being sold in South America at prices 40 per cent below prices of similar goods from the United States, the exchange situation being largely responsible.

The Clarke Chemical Company of Wickliffe, Ohio, in a communication to the Ways and Means Committee of the United States House of Representatives, says: "The Clarke Chemical Company, Wickliffe, Ohio, is a manufacturer of Epsom salts in large quantities. Up to a few months ago we enjoyed a very flourishing business, but because of the low priced German Epsom coming into this country our plant is now shut down, our men dismissed and we are in idleness.

"In addition to this we have stopped receiving acid in tank carload lots from the Grasselli Chemical Company of Cleveland, Ohio; we have stopped receiving fuel from the coal mines of Ohio; we have stopped receiving cooperage from one of the largest cooperage concerns in Cleveland, Ohio; we have stopped receiving magnesite mined in the United States, and the railroads are deprived of the haul on this tonnage; all due to the want of a proper duty on Epsom salts.

"German Epsom is offered f.o.b. New York, Philadelphia, or Baltimore, at 1 1/8 cents per pound duty paid.

"The following figures clearly indicate that the Germans are merely dumping Epsom salts in this country:

"Freight from plant to Hamburg and commission, 25 cents per 100 pounds.

"Unloading and loading at Hamburg, 5 cents per 100 pounds.

"Ocean freight, 40 cents per 100 pounds.

"Duty, 10 cents per 100 pounds.

"Handling at Atlantic port, 7 cents per 100 pounds.

"Total, 87 cents per 100 pounds, leaving for the manufacturer the sum of .255 cents per 100 pounds, which includes production; package, either barrel or bag; and profit.

"In Cleveland we are paying to-day for barrels $1.00 each. These barrels hold 300 pounds. We could not buy empty barrels for what they are selling it for at point of production.

"Is there any doubt they are up to their old tricks?

"We shall appreciate anything you may do toward putting a proper tariff on this commodity.

"With these figures before me, I believe there should be a tariff of three cents per pound to prevent their dumping Epsom salts in this country."

The Canadian Reconstruction Association, in a public statement, says: "The latest issue of the Monthly Report of the Trade of Canada shows that for the ten months ended January, 1921, goods were imported into Canada from Switzerland to the value of $11,857,273. This large amount is in striking contrast with a value of only $1,460,654 for the ten months ended January, 1919, and $4,504,928 for the corresponding period ended January, 1920. Moreover, exports of Canadian products to Switzerland for the ten months ended January, 1920, were valued at only $1,378,407, so that Canada is importing from Switzerland goods valued at almost nine times as much as those which we are selling to that country. It is also noteworthy that Canadian imports from Switzerland during the ten months ended January, 1921, were almost two and three-quarters times the value of Swiss goods imported into Canada during the entire fiscal year ended March 31, 1914.

"One of the witnesses before the Tariff Committee claimed to have information which points to the fact that quantities of German color are already coming into Canada via Switzerland.' Swiss aniline dye-making firms have issued a denial that any German dyes are being re-exported from Switzerland as of Swiss origin, and the export section of the Swiss Department of Public Economy supports such denial. The trade statistics, however, require explanation. If German goods are being offered to the Canadian people as the products of Switzerland or other countries, the practice ought to be stopped and the offenders punished. The trade returns seem to justify an inquiry by the Government with a view to ascertaining whether German goods are entering Canada through Switzerland or other countries under markings which mislead as to the country in which such goods are produced."

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

o. 103 TORONTO, CANADA April 27, 1921.

FOR RELEASE upon receipt

The British Government has implemented its promise to provide legislation to afeguard British industries from foreign competition by three resolutions which, if ssed, will be included in this year's Finance Act. The resolutions provide for three rms of protection. Already certain imports into the United Kingdom are dutiable, but t is proposed to extend the list by levying for a period of five years an ad valorem ty of 33 1-3 per cent on certain articles of special national importance. These clude optical glass and optical elements, microscopes, field and opera glasses, xtants and various other optical instruments; scientific glassware, thermometers, mp blown ware, evaporating dishes, crucibles and other laboratory porcelain; galvanoters, pyrometers, electroscopes, barometers, analytical and other precision balances d other scientific instruments; gauges, wireless valves, vacuum tubes, ignition magtos, permanent magnetos, arc-lamp carbons, hosiery latch needles, metallic tungsten, rro-tungsten, and manufactured products of metallic tungsten and compounds (not luding ores and minerals) of thorium, cerium and other rare earth metals; synthetic ganic chemicals other than dye-stuffs, analytical re-agents and all other chemicals nufactured by fermentation processes.

The second resolution provides for a surtax of 33 1-3 per cent ad valorem in ition to any other customs duty which may apply, in the case of any article which y be listed for such surtax by the Board of Trade. The Board of Trade may issue an der bringing the additional 33 1-3 per cent duty into effect whenever it is found at imported articles are being sold or offered for sale in the United Kingdom at ices below their cost of production, or at prices which, by reason of depreciated change, are below the prices at which similar goods could be profitably manufactured the United Kingdom, if the Board of Trade should decide that employment in any dustry in the United Kingdom is being affected or is likely to be affected seriously a result of such importations.

It should be noted that this proposed British legislation will greatly extend e protective tariff of the United Kingdom and in some cases the tariff may be as high 116 2-3 per cent. Take the case, for instance, of German magnetos which already are bject to a 50 per cent import tax. Under Resolution 1, such magnetos when imported to the United Kingdom will be subject to an additional duty of 33 1-3 per cent and if e Board of Trade considers that dumping is being practiced, still another duty of 3 1-3 per cent may be imposed, making a total import duty of 116 2-3 per cent.

The Emergency Tariff Bill in the United States has been buttressed by two important legislative measures calculated to protect the industries of the United States and eir workers against unfair competition from imported products. The first of these is e anti-dumping bill, which is a carefully prepared plan to prevent importation into e United States of goods offered at less than the value or sales price in the country f origin, or at values below the cost of production in the exporting country. The shington Bureau of The New York Journal of Commerce says: "Discussion of this feature f the bill indicates that merchants and manufacturers generally throughout the country vor it, and at this early day it is not easy to see where much effective opposition the scheme is to come from."

The second measure provides that in converting into terms of United States money lues of imported merchandise expressed in depreciated currency, no depreciation shall e recognized at more than two-thirds of the par value. Under this proposed legislation, e German mark instead of being valued at between one and two cents, as is the case in

Canada, would be valued for customs purposes at not less than 7 14/15 cents, which is one-third of the par value.

The Canadian Reconstruction Association when it recently issued a pamphlet on the operations of the Nonpartisan League in North Dakota was criticised for "flogging a dead horse." It was contended that the League despite its continued activities is no longer an important factor in any of the States and that its agents were not active in either Eastern or Western Canada. In view of such uninformed criticism it is interesting to note that the Saskatchewan Nonpartisan League now has offices at 216 Bevan Block, Saskatoon, with Mr. George Stirling as Secretary. The Western Labor News is devoting regular space in each issue to news of the organization in a section edited by Mr. Stirling, and in a recent issue published reports covering approximately two columns of space.

The issue of The Western Labor News of March 24, contains reports of Nonpartisan League nominating conventions at Canora, Kinistino, Melfort, Tisdale and Kamsack, at most of which Nonpartisan candidates were appointed to contest their respective ridings in the provincial elections. The report in The Western Labor News of the meeting at Canora states that "by way of demonstrating to the farmers of the district how they had been treated by the Liberals," two farmers came on the platform and allowed themselves to be blindfolded. Mr. Summers, the Provincial Organizar for the League was then gagged, and Mr. Stirling, Secretary of the Saskatchewan Nonpartisan League, explained to the meeting that the farmers typified by the two on the platform wanted more light and knowledge on the political questions of the day but that they were blindfolded. The Provincial Organizer of the Nonpartisan League wanted to speak to them but he was gagged. Mr. Stirling said that this was how the Liberal party had tried to prevent the farmers from hearing what the Nonpartisans had to say and that this was why the audience had to stand in an uncomfortable building instead of being seated in the theatre or in the Graham Hall. In this connection Mr. Stirling said:-

"We do not blame the people of Canora for this. We blame the fanatical Liberals in town who thought by this trickery to prevent the nomination of an independent farmer candidate." The statement adds: "Canora is one for the independent farmer candidate. The number of votes cast for the Liberal nominees on the following day is a fair indication of the way the wind will blow at the coming election in June. It will be a just punishment for the czarist methods of the Canora Liberals for tramping on the rights of free assembly."

Notices of the nominating conventions state that they are joint conventions "of the Nonpartisan League and locals of the Saskatchewan Grain Growers' Association."

While advocates of reciprocity and free trade continue active in Canada, the London Times' Trade Supplement says editorially in a recent issue:-

"The new Australian tariff is proving a powerful lever to induce British manufacturers to take part in the industrial development of the Commonwealth, and it will not be surprising if there should be a fairly considerable movement of skilled workers to Australia in the next few years. The manufacture of textile machinery has been begun in Victoria, where the first carpet loom made in Australia has been completed. The same firm is also making wool scouring plant. Since 1915 the number of wool scouring establishments in Australia has increased from 39 to 59, with a total capacity of nearly 12,000 bales a week, and the number of woollen mills is also growing fairly rapidly. "We are able to record this week that two more British firms are establishing branch works in Australia. Messrs. Babcock and Wilcox are about to manufacture boilers in Sydney, and Messrs. Chubb and Sons intend to make safes in the same city."

At the conference recently held in Toronto between representatives of the Canadian Manufacturers' Association, Canadian Wholesale Grocers' Association, Retail Merchants' Association, and the Canadian Credit Men's Association, the problem of developin stronger home market support for Made in Canada goods was discussed with utmost frankness. The need was pointed out for consistency on the part of those who derived their livelihood directly or indirectly from manufacturing activities in the Dominion.

number of manufacturers themselves confessed that until recently they had not given consistent support in their own purchases to Made in Canada products. One gentleman told of a recent visit to his tailor. Cloths were produced for his inspection but he found that they were imported. He asked for an explanation and the tailor admitted that, while the Canadian mills were producing cloths of splendid quality, the demand was for British woollens on account of past prejudice and lack of education, and he had none of the Canadian product in stock. He offered to secure a Canadian cloth, however, and did so. The tailor assured him that the Canadian cloth was equal, if not superior, to the best imported goods that he had in stock and the purchaser saved $20 on the suit. Several others who were present at the meeting declared that they had recently adopted the policy of demanding goods made in Canada in respect of all their personal purchases.

There is no question of the ability of Canadian workmen to produce goods of the best quality to meet Canadian requirements if they are given a fair opportunity to do so. The reason that the progress of manufacturing in Canada has not been more rapid is due largely to lack of support by the public and by the retail trade, and merchants, naturally and with consideration to business advantage, have filled their shelves with the goods for which the people have been accustomed to call. With the growing strength of the Made in Canada movement within the last year, it is reasonable to expect that all those directly interested in the continued activity and prosperity of Canadian factories should be the first to adopt a consistent policy of buying Canadian products.

In nine months last year Canada imported $27,000,000 worth of fresh and preserved fruits from the United States. "Would it not be good business this year to wait for our own strawberries and tomatoes?" says the Southam Press which points out that with very little sacrifice on the part of Canadians as individuals, the whole $27,000,000 ($30,000,000 of our money) could have been kept in Canada. Sir Henry Drayton, who for months has been urging Canadians to buy goods made and foods produced in Canada, said recently at Ottawa:-

"In the eleven months ending February, 1920, we imported from the United States $707,000,000 worth of goods. In the corresponding period this year we imported $792,000,000 worth. Do you think it is a good thing to multiply commodities in a falling market? At a time when the Canadian dollars were without 100 per cent recognition, we, nevertheless, increase our purchases by $85,000,000.

"Canada is one of the chief agricultural countries in the world. Canada is capable of providing excellent fruits, yet in the nine months ending December 31, 1920, Canada imported $27,000,000 in fresh and preserved fruits--and these from the most expensive market.

"What is the matter with the Canadian apple? During that period we imported 198,000 barrels--our magnificent last year's crop was left largely to rot and waste in the fields. What is wrong with us?

"We imported 2,000,000 pounds of strawberries, all from the United States. We got into Canada from the most expensive market, 4,000,000 pounds of out-of-season tomatoes. Last year we got 3,000,000 dozens of eggs from the United States."

NADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

104. TORONTO, CANADA May 4, 1921.

OR RELEASE upon receipt

BUY CANADIAN PRODUCTS

and

1. Build up the home market.
2. Stimulate Canadian business.
3. Reduce unemployment.
4. Lower prices.
5. Increase national revenue.
6. Reduce your taxes.
7. Attract outside capital.

Canadians are actually curtailing prosperity and fostering unemployment by their sistence in buying imported products. The Made in Canada movement has received some mulus during recent months, but the movement must be national if it is to be effec- ve. Canadian workers, farmers, manufacturers, wholesalers, retailers, and business d professional interests, Canadians in all departments of national life who prosper h national prosperity, whose wages, salaries, and incomes are affected by national nditions, should patronize Canadian products and services. The present financial, icultural, and industrial position of Canada demands it.

Be fair to your own country. Correct the prejudice that is curtailing national sperity. Canadian goods need no apology. Generally they represent better value n imported products. Many commodities of Canadian manufacture are unsurpassed in e world. If even 25 per cent of the goods imported into Canada last year had been plied from Canadian sources, direct employment would have been provided for some 000 additional workers at good wages. Including dependents, such additional busi- ss would have supported directly more than 250,000 persons. Every dollar spent in nada on Canadian products means more money for Canadian workers, improved demand for m and factory products, and additional business for wholesalers and retailers.

Wholesalers and retailers should promote the sale of Canadian products.

Individuals should demand Canadian products, buy only necessary imported arti- es, and seek acceptable Canadian substitutes for imported commodities.

All Canadians should help their country and themselves by promoting the Made Canada movement; by utilizing Canadian services; by shipping goods by Canadian rriers, through Canadian ports; by patronizing Canadian railways, Canadian steam- ips, and Canadian banks; by placing insurance in Canadian companies; by employing nadian architects, engineers, scientists, and other experts; and by spending vaca- ns in Canada.

In the fiscal year ended March 31, 1914, Canada imported merchandise for consump- on to the value of $618,457,144 and exported Canadian goods valued at $431,588,439, ving an unfavorable balance of trade on merchandise account alone of $186,868,705. a result of war-time demand for Canadian products, the country's trade position was pletely revolutionized, and for the fiscal year 1917-18 Canada had a favorable bal- ce on merchandise account of $577,484,042. With the decline of war business, however, e trade position has gradually reverted towards the pre-war status. In each of the lendar years 1918 and 1919, Canada had a favorable balance of approximately $300,000,- 00, but in 1920, the situation was again unfavorable, with a balance against the country n merchandise account of more than $64,000,000. The unfavorable balance would have en much larger had it not been for the exchange situation. The latter discourages portation of goods from the United States, but it involves a tremendously heavy by adding to the cost to every consumer in Canada of coal, cotton, oils, sugar, and steel, etc., and by increasing the cost of production and prices of most other agricultural products and raw materials as well as manufactured articles. In Canada imported merchandise for consumption to the amount of $1,336,921,021, and of the goods represented by this heavy expenditure the Canadian people had to exchange ranging, roughly, between 9 and 19 per cent. Altogether, on a conservaestimate, exchange cost Canadians $150,000,000, and unquestionably it has been a of large importance in keeping up the high cost of living.

Although in some respects the war promoted the industrial development of Canada, rtheless it added tremendously to the burdens of this country. At the end of March, 4, Canada's net debt was approximately $336,000,000. At the end of March, 1921, the debt--no credit having been taken for non-active assets--was officially computed as 311,294,444. The interest on the national debt in 1914 was under $13,000,000; for 0-21 the interest on public debt was no less than $140,000,000. All expenses of rnment have increased, with the result that much heavier taxation is necessary. the country is to continue to pay people abroad to produce raw materials and do a rge part of its manufacturing, thus draining money out of Canada, the burden may ily become unbearable. Besides, there are other great national problems. The facts regard to the railway situation are now being made public and the Minister of Railhas announced a deficit in 1920 of $70,331,735 on account of operating costs and charges of the Canadian National Railways. Unofficial estimates put the deficit much higher. In view of these national burdens, it is of the utmost importance Canadian money should be kept in Canada to the largest possible extent and that adian people should, as far as economically practicable, make the goods which dians require, using Canadian raw materials, developing Canadian natural resources mploying Canadian labor. In this way the national wealth will be developed and burden of taxation lightened.

There is little value in the suggestion that national problems can best be lved by increasing Canadian exports instead of restricting importations. The argut totally ignores the facts of the present situation. While Canadian export trade been maintained to a remarkable extent after war orders were discontinued, analysis the world trading situation offers abundant evidence that export business is becoming reasingly difficult and competition increasingly severe. Europe is both unwilling unable to buy anything but absolute necessities. At the present time Canada has a ght advantage over United States manufacturers by reason of exchange but the advanis slight. Exports have been maintained largely by shipments of agricultural ducts and pulp and paper. Already the United States market for pulp and paper is inking and European countries, aided by exchange, are now offering pulp and paper this continent in competition with Canadian and United States manufacturers. Prices dropped and one cannot dare to hope that export values can be maintained on anyng like the recent levels. Unquestionably, there are export opportunities for Canadian de but these can be developed only by careful and consistent policies and no great ediate expansion of export business seems probable. Then, too, it must be remembered every country in the world is placing increasing restrictions on imports, with a of protecting its own industries against competition from abroad. The United ates market for Canadian agricultural products is likely to be seriously curtailed legislation now pending and the next revision of the United States tariff may still rther limit export possibilities for Canadian goods in the Republic.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 106. TORONTO, CANADA June 8, 1921.

FOR RELEASE upon receipt

The complete collapse of Russia and the utter misery of its inhabitants under Bolshevism are strikingly revealed in a White Paper issued by the British Government, containing a report of the special committee appointed in May last year to collect information on the Russian situation.

Conditions in the Northern Empire are now such that the country is in a state of economic collapse. Industry is practically ruined. A special campaign had to be inaugurated to restore the transportation system. Disease is widespread owing to mulnutrition and neglect of sanitation. The annual mortality is said to be no less than 5 per cent of the population. Reluctance of the peasants to supply the towns with food has placed the Soviet Government under the necessity of requisitioning agricultural produce. The area of land under cultivation has declined 40 per cent. Workers are paid partly in practically worthless money and partly in a food ration upon which it is impossible to support life, and partly in small and irregular issues of other commodities.

The committee, presided over by Lord Emmott, summarizes the conclusions of its investigations as follows:-

"(1) That the complete renunciation by the Soviet Government, by the Russian Communist Party and by the Third or Communist International of propaganda directed towards the destruction of the political and economic order existing in other countries is the fundamental premise, without the acceptance of which there can be no question of capitalist aid in the economic reconstruction of Russia.

"(2) That the possibility of extending credit to Russia on a scale in any way commensurate with her minimum needs will be dependent on the faithful observation of the above condition.

"(3) That the cooperation of the peasantry is indispensable to the economic reconstruction of Russia.

"(4) That the settlement of the agrarian question on a basis which will provide inducements for agricultural production, now lacking, is essential to the provision of adequate supplies of food for the Industrial worker in the towns.

"(5) That the restoration of rail and river transport is necessary if such food supplies are to be conveyed with speed and regularity to the industrial areas of Russia.

"(6) That the state of administrative incompetence and corruption into which the departments of the Soviet Government have fallen militates against the proper distribution of available supplies among the population, and must be remedied if the Russian worker is to be restored to the standard of health and strength necessary to re-establish the diminished productivity of his labour."

In a general summary the committee details briefly in various stages, the collapse of Russia. It touches upon the effects of the European war, and then summarizes the results of the Revolution in February, 1917, as follows:-

"(1) The establishment of Soviets of workmen in the factories adversely affected industrial administration, and was largely responsible for the rapid fall of production in the manufacturing industries.

"(2) The establishment of Soviets among the troops, who were war-weary and desired peace, contributed further to destroy the Russian army as a fighting machine. Wholesale desertion began, and the army became a powerful factor in the process of disintegration throughout Russia after the February revolution, 1917.

"(3) The peasants, from the moment of the revolution, 1917, began to seize the estates of the land-owners, and were encouraged in this course by the Bolshevists during the summer of 1917.

"(4) The area of land under cultivation began to decrease as a result of the disturbed state of the countryside.

"(5) The peasants ceased bringing their grain to the towns as a result of the fall in production and the great rise in the prices of manufactured goods. Such food as the peasants did bring to the towns was commandeered by the Government at fixed prices, but the price given was such that it did not enable them to purchase the articles of common necessity which they needed.

"(6) The disturbance of the balance of exchange between town and country was a general result of the events accompanying and following the February revolution."

Of the Bolshevist Revolution and its results up to the end of 1919, the committee says:-

"(1) The Soviet Government proceeded to inaugurate a policy of nationalization of industry and to institute an organization for the State collection and distribution of food.

"(2) The Soviet Government established the collegiate system of administration in industry, with a view to controlling the hitherto unrestrained actions of the factory Soviets.

"(3) The Soviet Government, in a situation calling for the exercise of the utmost discrimination and care, carried out the policy of nationalization in haste, without taking account of the disorder already prevailing in Russia, of the complex structure of modern industry, of the absence of expert technical assistance, and of the disabilities resulting from the lack of knowledge and experience under which they themselves laboured.

"(4) As a result of nationalization, carried out in the above conditions, production continued to fall, and with ever-increasing rapidity.

"(5) In the summer of 1918 the outbreak of civil war, accompanied by foreign intervention, caused the Soviet Government to divert to military purposes all its energy and the residue of Russia's industrial capacity. In these circumstances the collapse of all other than war industry became complete.

"(6) The uninterrupted fall of production in the towns was accompanied by the further decline in supplies of food received by the towns from the villages, which were able to obtain less and less in exchange for their produce. The disorganization of transport also made it impossible to move with speed and regularity to the towns with supplies available in the country districts.

"(7) The reluctance of the peasants to supply the towns with food has placed the Soviet Government under the necessity of requisitioning agricultural produce. This requisitioning in many cases evoked peasant revolts, which the Soviet Government endeavoured to suppress by sending punitive expeditions to quell them.

"(8) The shortage of food in the towns owing to the cessation of exchange between town and country was further accentuated by incompetence and corruption on the part of the Soviet Food Administration.

"(9) The industrial worker was paid partly in paper money, which fell in purchasing power with each succeeding month, and partly in a food ration, upon which it was impossible to support life, and partly in small and irregular issues of other commodities.

"(10) The worker was thus compelled to devote much of his working time trying to supplement by illegal purchase the insufficient rations which he and those dependent upon him received, and to which by law he was limited. Government shops nominally existed where the worker might make supplementary purchases at moderate prices; but little or nothing could be purchased at these shops, partly owing to the meagre supplies available in them and partly to the fact that such commodities as might be available were mostly reserved for favoured clients.

"(11) An organized system of speculation, which the Bolshevist authorities endeavoured unsuccessfully to suppress, and in which they ultimately came to participate, grew up side by side with the Soviet Administration, and made it possible for those who possessed the means of purchase and exchange to keep body and soul together.

"(12) Since the revolution of October, 1917, disease has been widespread, particularly among the poorer classes, owing to malnutrition and neglected sanitation. The annual mortality of Russia is said to be 6 per cent. of the population at the present time.

Such was the position at the end of 1919. The Soviet Government then realizing the real gravity of the situation proceeded to repudiate its policies of land and industrial nationalization.

"The collegiate system, says the British Committee, which was established to control the Soviet system in industry has given place in the majority of cases to individual control, a return to principles of industrial administration which have received their fullest development under capitalism."

A special campaign had to be inaugurated to repair locomotives and rolling-stock as an essential step to the restoration of transport. The Soviet Government introduced a policy of conscription and the militarization of labour as the only means of carrying on the industry of the country -- industry practically ruined owing to the demoralization prevailing among the industrial proletariat as a result of malnutrition and the absence of many of the primary necessities of life." The Soviet Government further proceeded:

"To conduct an energetic propaganda against bureaucracy and red tape which have threatened to paralyze the Soviet Administration.

"To contemplate the possibility of receiving economic assistance from abroad on a resumption of trade relations with Western countries."

So far the British Committee has not sufficient information to determine how far the restoration of individual control in industry has contributed to increase production. It believes that while the measures taken to restore transport have resulted in some improvements, only the importation of locomotives and spare parts from abroad will enable the Soviet Government to maintain transport at its present level, and to achieve any further improvement. Also, the British Committee says: "We have not been able to obtain such information as would allow us to judge how far the policy of labour conscription and militarization of labour has been successful, or otherwise, in solving the problem of the shortage of labour, and to what extent conscribed labour has been utilized in industry, and how far -- where used -- it has been productive."

With regard to the future, the British Committee says: "The practical efforts of Bolshevism up to the present time, so far as they affect production, have been a disastrous failure. The magnitude of the industrial collapse in Russia and the consequent cessation of exchange of products between town and country are the factors that have forced themselves particularly on our attention. We know of no similar instance of a collapse so complete, so sudden, and so far reaching. . . In these circumstances it is clear, if Bolshevism is to have any chance of permanent success, there must be a rapid return to something approaching the old standards of productivity."

While the British Committee agrees that the period of Soviet Government has been short, and that its opportunities have been restricted, the committee doubts "whether so much human misery as has existed in Russia during the last three years has ever been the lot of any people within so short a time in the history of the modern world. While we are prepared to admit that the European war, the events following the first revolution, the civil war and intervention, are contributing factors in causing this misery, it is impossible to dissociate the Soviet Government from a large measure of responsibility for the recent sufferings of the Russian people."

With regard to the resumption of trade between Russia and other countries, the British Committee is convinced that "there is no possibility of the economic regeneration of Russia in the near future without the assistance of capitalist countries." The Committee's conclusions with regard to the rendering of such assistance are guided by the following, amongst other, considerations: "That the credit and capital required for Russia's urgent needs are large, that no Government can give this credit and capital on the scale required, and that such aid can only be furnished by individual capitalists or financial groups who are willing to provide the necessary supplies in money or goods.

"That it is inconceivable that the credit and capital required in Russia should be provided by foreign capitalists as long as the destruction of capitalism and the violent overthrow of so-called bourgeois Governments remains the main object of the Russian Government, or of the political forces by which it is controlled.

"That if the Soviet Government renounce and abstain from propaganda directed to the destruction of capitalism and the established order in other countries, it still remains to be seen how far in the near future they will be able to arrest the process of economic disintegration and to lay a foundation upon which it will be possible for Russian industry and agriculture once more to develop and expand."

ANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

. 107. TORONTO, CANADA June 15, 1921.

FOR RELEASE upon receipt

In many respects there is a striking parallel between problems of economic struction in the United States from the Spring of 1865 onward and those of Canada er November, 1918. In 1860 the public debt of the United States was less than ,000,000. The tariff was depended upon almost entirely to provide the needed rev- e, and in the fiscal year 1859-60 customs duties furnished approximately 95 per cent the federal revenue. The early part of the struggle was financed largely by public rrowings. There were some tariff increases in 1861, but it was not until the fol- wing year that a serious effort was made to deal with the problem of taxation on any- ing like the scale which was required by the Government's needs. The Internal Revenue t of July 1, 1861, imposed many additional taxes, including license fees for practi- lly all occupations and trades, even that of retail merchants; taxes on most products manufactures, ranging from one mill to $10 specific, or 3 to 5 per cent ad valorem; ation of carriages, yachts, billiard tables, plate, slaughtered cattle, hogs and sheep, ilroads, steam boats, ferry boats, railroad bonds, banks, insurance companies and adver- ements; taxes on income; succession duties; and an extended list of stamp taxes.

On July 14, 1862, the tariff was increased with a view to compensating for the ernal taxes. In June, 1864, the internal revenue levies were greatly increased until ir yield became twice as great as that from customs duties. The new excise taxation ffset by a further increase in the tariff, which also provided substantial increases protection for the industries of the United States. The average rate on dutiable com- dities was increased from 37.2 per cent under the Act of 1862 to 47 per cent. As a ult of the internal revenue levies and the increases in customs duties, tax receipts the year 1865-66 were nearly $500,000,000, or as much as was collected in the eight ars preceding the war. The income tax, which was first imposed in 1861, was increased il incomes between $600 and $5,000 were taxed at 5 per cent, and those above $5,000 10 per cent. Such taxation was heavy, but the demand for agricultural and manufac- red products of those portions of the United States apart from the area of actual rfare was very great and pre-war development and war-time prosperity enabled such ation to be borne without great difficulty.

In the Spring of 1865, after hostilities were over, the principal problems of onomic reconstruction were:

1. Proper re-organization of the National debt. Such debt stood at $2,674,- 5,857 on July 1, 1865.

2. Revision of the tax system. The war-time levies were unsuited to peace ditions, and there was a widespread demand for relief from the burden.

3. Restoration of an effective gold standard. Particularly in the early part the war, the Government had financed its requirements in large measure by issuance legal tender, non-interest-bearing notes, and these were outstanding at the end of e, 1864, in the amount of $431,000,000. This fiat money, or "greenbacks" as the ernment notes were called, depreciated to a value of 35 cents to the dollar as com- red with gold.

4. Protection of domestic industry from destructive competition from abroad ter the abnormal development resulting from war conditions.

The National debt was re-organized under the Refunding Act of 1870 and supple- tary legislation in 1873 and 1875. Moreover, the interest and principal on such t were paid in gold and not in depreciated paper money.

An early start was made in reduction of the internal revenue duties. On July 13, 66, the Government repealed the tax on coal and pig iron and lowered the levies on ufactures, products, and gross receipts. This one bill cancelled taxes which had yielded revenue in a single year of $45,000,000. On March 2, 1867, the rate on cotton was reduced and the taxes on a considerable number of manufactured products were repealed, while the exemption on income was raised from $600 to $1000. The Government also abolished the taxes on gross receipts, advertisements and toll roads. In February of the following year the tax on cotton was repealed. In March, the Government finally removed all taxes on goods, wares, and manufactures, except those on gas, illuminating oil, tobacco, liquors, and banks, and articles upon which the tax was collected by means of stamps. In July, the tax on distilled spirits was reduced from $2 to 50 cents per gallon. In 1870 the internal revenue taxes were still further reduced. The income tax was continued until 1872, but with the rate reduced to 2½ per cent upon incomes in excess of $2,000, the exemption having been increased. The tax on manufactures, which in 1865-66 had yielded more than $127,000,000, had been so far withdrawn or reduced that in 1869-70 the revenue from this source was only $3,000,000. Stamp taxes on matches, bank cheques, bank notes, perfumeries and patent medicines were finally abolished in 1883. Customs revenue in 1864-65 represented only 28.7 per cent of the total taxation revenue of the Government, but, as a result of abandonment of the internal taxes, the proportion of the revenue derived from customs was increased to 61.4 per cent by 1873-74 and import duties were again recognized as the main dependence of the Federal Treasury under peace conditions.

In 1865-66 imports of merchandise into the United States were valued at $434,812,066, while exports of domestic merchandise represented a value only of $337,518,102. It was recognized that the problem of resumption of specie payments in very large measure was a trade problem. As long as the trade balance was adverse, the return to an effective gold standard was impossible. By relieving domestic industries of crippling taxation and by maintaining adequate protection, production at home was greatly stimulated and before the end of 1878 the Government had accumulated a large reserve of gold and specie payments were resumed.

The effective protection to domestic industries was increased by repeal of the internal revenue duties, without at the same time lowering the tariff. Indeed the tariff duties were actually increased in a number of instances. Protectionist sentiment was strongly re-inforced by the depression of 1873. As a result of redundant revenue, some reduction in tariff duties was made in July, 1870, but principally on articles in which domestic industry had little interest, such as tea, coffee, wine, sugar, molasses and spices. The plethora of revenue in the Treasury continuing beyond requirements, a 10 per cent horizontal reduction in tariff duties was made in 1872. The duties on tea and coffee were abolished and some special reductions of duties were made as in the case of salt and coal. The free list of raw materials also was extended. After the panic of 1873, the revenue fell off sharply, however, and the horizontal reduction was repealed in 1875. Even in the tariff reduction of 1883 duties were advanced on protected articles, in cases where importations continued in considerable volume.

In some respects Canada is now in a better relative position than was the United States to deal with the problem of reconstruction but in other respects our position is not as good. O ur territory, of course, has escaped the ravages of actual warfare. The population of the United States in 1865 was approximately 35,000,000. That of Canada is less than 9,000,000. At the conclusion of the war, the United States had a public debt of approximately $2,675,000,000, or a per capita debt of $76.98 as compared with $2.91 in 1861. Canada's net debt at the end of March, 1921, was officially reported as $2,311,294,444, or a per capita average of approximately $260. Before the war our net debt was only about $336,000,000. The wealth of Canada in 1914 was estimated at only slightly more than the wealth of the United States at the beginning of the Civil War, so that the burden of the war debt is proportionately much heavier on this country.

Although Federal taxation in Canada is in a somewhat different form than the taxes in the United States during and immediately after the Civil War, nevertheless the sales tax, income tax, excise and internal revenue taxes appear to represent a much heavier burden in Canada than did even the highest war taxes in the United States. It must be remembered, too, that provincial and municipal taxes in Canada are much higher than were the State and local taxes in the United States in the decade 1860-70.

Canada, like the United States, is faced with the problem of a return to an effective gold standard. That is essentially a trade problem and can be solved only by a curtailment of imports or an increase in exports. Moreover, the present exchange ation involves a menace to Canada to which the United States never was subjected. The depreciation of the "greenbacks" was such as to discourage imports into the United tes, to promote industrial development at home and to encourage exports to practically l other countries of the world. Similarly, the exchange situation now tends to dis- rage imports into Canada from the United States, but it also operates strongly to courage imports from all European countries.

In 1861 the average ad valorem rate of duty on all goods imported into the United tates was 14.21 per cent. This average was steadily increased to 28.28 per cent in 63, 38.46 per cent in 1865, and 46.49 per cent in 1868. On the other hand, the aver- ge ad valorem rate of duty on imports into Canada was lower for the last fiscal year an it has been for any previous year since 1878. For 1889-90 the average was 21.4 r cent; in 1909-10, 16.5 per cent; and in 1913-14, 17.3 per cent. By reason of the dition of the war tax in 1915, the average ad valorem rate, including war tax, in- reased to 20.5 per cent in 1914-15, but as a result of tariff changes the average has en steadily declining since that time. The war tax was removed in part in June, 1919, d last year was taken off entirely. As a result, the average ad valorem rate of duty f dutiable imports has declined to 14.5 per cent for the year ended March 31, 1921. This reduction ought to be considered in connection with the problem of restoring an ffective gold standard of value in this country.

At the conclusion of the Civil War, the United States speedily returned to depend- ce upon import duties as the mainstay of its Federal revenue system. Internal taxation s rapidly reduced. Import duties provided ample revenue to meet all requirements. The currency of the country was put upon a stable basis. All debt obligations were paid n gold. In addition, a great industrial development was promoted. Canada is confronted th problems at least as difficult as those which faced the United States in 1865, and me of our National problems are much more difficult. Yet this country is being urged continue to depend to a very large extent on direct internal taxation. Such advice is ng tendered in the face of a world-wide movement towards higher protection for home stries, a movement which, together with the exchange situation, makes it impossible r Canada to hope for any large and immediate expansion of the export trade.

With the Canadian public more favorably disposed than ever before towards Canadian ducts and manufactures in preference to imported goods, and with exchange discouraging ports from the United States, Canadian business men have an unique opportunity to con- lidate their position in the home market. In this connection the importance of getting eir trade names before the public and keeping them before the public ought to be empha- sized. If the Made in Canada movement is to be of permanent value it should be looked to t as a means of selling inferior goods but as an additional aid in getting Canadian rchandise of honest value before the attention of the Canadian people.

The opportunity which the exchange situation, so far as the premium on United tates money is concerned, offers to Canadian producers may pass sooner than some people ink. Immigration into Canada in large volume is inevitable. With easier conditions n the money markets of the world, Canada probably can look for United States and perhaps lso British money to be invested before long in the Dominion for development purposes n an unprecedented scale. Such investment would operate to offset the adverse balance f our international account; to make possible the restoration of an effective gold andard for our currency; and to correct the discount on Canadian money. That will mean ill keener competition from United States merchandise, and unless Canadian producers ng themselves in" now they may lose ground later on. There is a genuine and widespread sire to know what brands of goods are made in Canada and to give the preference to such ticles. We are told that the natives of certain South American countries buy goods by ctures. For example, they will call for "Indian" brand hatchets, "Star" brand soap, "Eagle" brand hoes, the brands in each case being impressed upon their memories by de-mark pictures. The mental processes of men and women are pretty much the same the rld over. There is real value in a brand or trade mark, but only after such mark has en impressed upon the minds of the purchasing public and they have been educated to k for goods so labelled or branded. The Made in Canada movement ought to assist nadian manufacturers to establish their own trade-marks linked with a clear indication at their goods are of Canadian origin.

ANADIAN RECONSTRUCTION ASSOCIATION
INFORMATION SERVICE

108. **TORONTO, CANADA** June 22, 1921.

FOR RELEASE upon receipt

The argument is still advanced that if Canadian goods are equal in quality and pare favorably in price with imported products, the buying public would give a ference to the domestic commodities. There can be no question that in many lines adian manufactured goods offer better value to Canadian buyers than do competing ported products and yet imported articles have a considerable sale in this country cause they are widely advertised or because of the popular belief that imported goods st be superior to those produced at home. The hearings before the Tariff Committee st Fall supplied abundant specific evidence that many Canadian products were equal quality to the best imported goods and were obtainable at lower prices. Actual stigations made by the Canadian Reconstruction Association have shown that:

1. Canadian agriculturists generally purchase farm machinery more cheaply than farmers in any other country in the world, and farmers west of Manitoba buy binders lower prices than do farmers at places directly south in the United States.
2. Canadian boots and shoes, grade for grade, compare favorably with the best ported products and are available to the Canadian buyer at considerably lower prices.
3. Canadian woollen mills are producing cloths of splendid quality at prices siderably below those charged for imported woollens.
4. Canadians are buying large quantities of imported perfumes, tooth paste and er toilet preparations at higher prices than those at which Canadian-made goods of al or superior quality are obtainable.
5. Canned fish, vegetables and fruit, generally speaking, are as low priced in ada as in the United States or elsewhere.
6. Canadian-made kitchen utensils of aluminum, grade for grade, are unsurpassed the products of the United States and Canadian retail prices are as low as, and in st cases considerably lower than, the United States prices for corresponding utensils the same grade.
7. Paint is normally as cheap in Canada as in the United States or cheaper, ter allowance is made for the difference in measure.
8. Confectionery and biscuits are lower priced in Canada than in the United States.

The above list could be greatly extended, but comparisons in the case of the regoing articles will show that Canadian manufacturers base their selling prices in eral upon cost of production and that they do not base their prices on the laid- wn prices of competing imported articles.

It is time the Canadian people got away from the unreasoning assumption that ported goods must be superior to those of domestic production. Many imported pro- cts are widely advertised and by such advertisements a demand for them is created ich gives them a sale in competition with the goods of Canadian producers who are t in a position to advertise their articles to anything like the same extent. Again, ny dealers carry imported goods and press them upon their customers because in this y they can handle more or less exclusive lines. There is little doubt that in many stances goods have been sold to Canadian importers at "dump" prices, notwithstanding e Canadian anti-dumping clause, by manufacturers in the United States or elsewhere o seek in this way to get their excess production or floor stocks out of the country manufacture and thus to protect their home market. Canadian requirements are small compared with the market in the United States and if Canadians are to produce at the est unit cost they must be assured by tariff protection of most of the Canadian trade. it be made possible for United States producers to cut into the Canadian trade, the unt of business obtainable to the Canadian plants will be reduced and costs of pro- tion will be increased. Experience has shown that domestic competition can be

ted upon to keep down prices of Canadian products if the manufacturers here are
reasonable assurance against destructive competition from more powerful manu-
cturing units abroad.

There has been considerable criticism recently of the tanning and leather manu-
cturing industries and complaint has been made that the prices of manufactured
ather goods have not been reduced in the same proportion as has the cost of hides.
the first place it should be clearly understood that no tanner is buying any con-
derable amount of hides at a cost of four or five cents per pound as is sometimes
lleged. The hides offered for sale by the farmer or country butcher are green and
se 20 per cent or more in weight in the curing process. The prices of country hides
Montreal or Toronto now range from about eight cents to eleven cents per pound
cording to quality and weight, but a price of from eight to eleven cents per pound
ans a much higher cost for the usable part of such hides. Often such hides are badly
immed. Or they may have manure attached, which adds to the weight, or they may be of
desirable weight. The hide may be seriously damaged by knife cuts or scores as it
taken off the animal, or may be otherwise defective. Packers' hides are regarded as
perior to the country hides and command higher prices because of more expert care in
king the hide off the carcass, better grading and generally more efficient handling.
t with both country hides and packers' hides there is necessarily much shrinkage and
stage. The hide may be long-haired and weighted with moisture. Often the hide is
bby, with worm holes eaten completely through it. The grain may be damaged as a
sult of contact with barb wire fences and otherwise and a heavy aggregate loss results
farmers from exposure of cattle to such risks and from neglect. Branding also in-
lves much wastage and there is a spread of from 2 to 4 cents per pound between the
ices of branded and clear hides. Even with the most experienced handling, there are
ly to be some knife cuts or scores. All such defects affect the cutting value of
hide and consequently the price which is paid for it. A very considerable propor-
of the average hide has to be turned to inferior uses and only selected portions
satisfactory for manufacture into the finer grades of leather products.

By reason of the accumulation of hides, the quality of those now offered is
rer than is the case under normal conditions. In many cases deterioration has taken
ace and, in the language of the tanner, the common run of hides is "more sloppy" than
rmally, a certain proportion of them being damaged on the grain or rotting as a
sult of having been held in the hope of higher prices, while others are not suitable
r coloured leather by reason of what are known as salt stains.

The change in popular demand and insistence upon the best quality in leather
oducts is partly responsible for keeping up the price of leather goods. For many
rposes side leather is too thick and has to be split into what is known as grain
ather and split leather. In 1914, black wax splits were selling at around 15 cents
r foot and considerable quantities of such leather were exported from Canada to the
ited Kingdom. Today, there is practically no market for black wax splits. Workmen
England who formerly bought boots made from such leather are calling for grain
ather shoes, and exchange is also operating to discourage exports of split leather
om Canada. In the United States many tanners are selling "splits" for glue stock at
ly a nominal price. This means that one-half of the hide in many cases has to be
rown away or sold at only a very low price and the major part of the cost of the
de and of tanning has to be put on the grain leather. The demand for inferior
athers has been so small that in some instances it has been found unprofitable, at
esent prices of tanning materials, etc., to tan part of the hides and large quan-
ties of "bellies" have been sold for the manufacture of glue.

Again, the popular demand is for coloured leather, with black leather in com-
ratively low demand. The demand of style is thus for leather made from freshly-
red hides, for the reason that old hides are not suitable for the manufacture of
loured leather, on account of salt stains. If black leathers and split leathers
re in strong demand as was the case before the war, hides would command a higher
ice or leather would be selling at a lower figure. In 1914, the best grade of col-
red calf was selling at 40 cents per foot. Today, the same calf leather sells at
cents. Black calf, sold before the war at from 30 cents to 35 cents per foot, while

day's price is from 40 cents to 45 cents. Black side leather in 1914 was selling at cents per foot and today is actually lower than the pre-war price at about 26 cents.

Wages in the tanning industry have been only very slightly reduced. Tanning materials are still high in price. Most of these have to be imported and exchange paid for them. Coal for power purposes is still high and the manufacturer is paying exchange on such fuel. Administrative and selling expenses are high. Freight charges are much higher than ever before: the l.c.l. rate on sole leather for a distance of only 30 miles is over 1/3 cent per pound. So far as the tanners are concerned, they are not making any more money than they were making in 1914: few are making as much; and some of the tanning companies have been losing money heavily during recent months. In summary of the leather situation: hides are two or three cents below pre-war prices: split leather is almost unmarketable or finds sale only at very low prices; black side leather is cheaper than in 1914; calf leathers are not greatly higher than before the war; and even with the prevailing low prices for hides the leather tanning industry is barely "breaking even" under present conditions.

So far as boots and shoes are concerned, there is a heavy demand for footwear of glazed kid and the prevailing price of this leather represents an advance of more than 100 per cent over the price obtaining in 1914. Black kid, which could be bought in 1914 at 25 cents per foot now costs from 50 to 60 cents, while coloured kid, obtainable at 35 to 40 cents in 1914, now costs from 75 to 90 cents. This leather is made from goat skins which come from Brazil, South Africa, India, the Balkan countries, and Turkey. Much glazed kid is imported for the manufacture of boots and shoes and other leather commodities, but some kid leather of good quality is now being manufactured in Canada from imported skins.

The Canadian buyer of shoes of domestic leathers does not want footwear made from the heavier hides; the demand for shoes of side leather or of "kip" is very small, while the call for so-called "workingmen's boots" is only about 25 per cent of the pre-war normal. It is this situation in part which has resulted in the low price of raw hides and the apparent disparity between the price of hides and the cost of leather footwear. The principal demand is now for fine shoes, especially Goodyear welts, and as a result only carefully selected leather can be used: second grade leathers are not wanted for such purpose.

Again, styles are changing frequently and the manufacturers are under heavy expense for lasts, patterns, etc. During the war there was an abnormal demand for high-cut boots at a time when there was a shortage of leather. Now, with leather in abundant supply, the consumers are calling for low-cut footwear. This consideration also is a factor in explaining the comparatively low price of hides at the present time. The Canadian public, too, are demanding a better finished shoe than ever before and this means higher cost of production. It may be said, however, without fear of contradiction that the tanners' prices for leather have been adjusted on a basis of the present value of hides and the manufacturers of leather goods have also adjusted their prices on a basis of the present cost of leather. The manufacturers' prices of boots and shoes have been reduced by from 30 to 35 per cent from the "peak" prices.

Almost every manufacturer of boots and shoes or other leather products has suffered considerable, and in some cases exceedingly heavy, losses as a result of slackened demand for the goods which he manufactures and the sharp decline in inventory values. Where manufacturing profits are being made at the present time they are exceedingly moderate. The public little realizes the losses, difficulties and serious problems with which practically all business men have been confronted during the past few years.

ANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

109. TORONTO, CANADA July 5, 1921.

FOR RELEASE upon receipt

During the first six months of 1921, the principal nations of the world made rther upward revisions of their customs tariffs. This was done in order to protect eir native industries against disastrous competition arising from readjustments of ade, the exchange situation, and other factors. Conditions have forced upon the tention of practically every country in the world the importance of the home market a time when export markets were being closed or greatly narrowed.

The United Kingdom is frequently cited as a free trade country, yet the British rliament, on May 11, by a vote of 236 to 72, adopted a resolution providing protecn for "key" industries. Under this bill a customs duty of 33 1/3 per cent has been posed for five years on imports of optical glass; optical instruments; scientific assware and porcelain; tungsten and its products; synthetic and organic chemicals; loring materials, except dyestuffs and dye chemicals; and hosiery latch needles. By majority of 118 to 37, the British Parliament adopted, on May 12, a second resolution viding for an additional duty of 33 1/3 per cent on any goods which may be desigated by the Board of Trade, when such articles are being offered or sold in the United ngdom below the cost of production or at prices which, by reason of exchange depreation, are below the prices at which similar goods can profitably be manufactured in nited Kingdom. The United States Commercial Attaché in London reports that "the umping legislation is regarded as a more or less permanent measure for the protion of British manufacturers." The British tariff already provided for customs ies of 33 1/3 per cent on certain imported goods and, with the new legislation, the ies on some commodities may be as high as 66 2/3 per cent. This would be increased ill further by the 50 per cent tax under the Reparations Recovery Act to a total maxim duty of 116 2/3 per cent. It will be noted that the new legislation gives almost precedented powers to the British Board of Trade for protection of the industries of e United Kingdom. Great Britain no longer can be considered as a free trade country.

On May 27, the Emergency Tariff Bill received the signature of the President of e United States and became law. This bill provided high import duties on most agriltural products. It was passed by the Senate of the United States by a vote of 52 to and received the final endorsation of the House of Representatives by a vote of 245 97. While professedly a bill for the protection of the farming interests in the ited States, the Emergency Tariff Bill carried an anti-dumping section which is of nsiderable importance to the manufacturing industries. The dumping duty in the ited States legislation is not limited to 15 per cent ad valorem as is the case in nada, but the bill provides that such dumping duty shall be an amount equal to the ll difference between the invoice price and the foreign market value or cost of proction. The Secretary of the Treasury has only to make a finding that "an industry the United States is being, or likely to be, injured, or is prevented from being tablished, by reason of the importation . . . . of a class or kind of foreign merndise . . . . at less than its fair value," to cause the special dumping duty to be plied. The House Bill provided that no depreciation of foreign currency greater than 2/3 per cent should be recognized. The Senate struck out this clause, but supplied ubstitute in the provision that, in cases where the foreign home market and the port values differ, the ad valorem duty shall be assessed upon the higher value. In e six months' period during which it is expected to be in effect, it is estimated at the Emergency Tariff Bill will produce $105,616,910.

The Republican Administration's permanent tariff bill was introduced into ngress on June 29 and is estimated to provide a revenue much in excess of the yield f the Underwood tariff or the Payne-Aldrich tariff. The high Payne-Aldrich tariff

909 has been taken as a pattern for the new legislation, but with important modi-
tions. In some instances the rates of duty are higher than those provided in the
of 1909, but generally the nominal rates of duty are somewhat below the Payne-
rich level. This does not necessarily mean less protection, as it has been decided
the basis of assessment for duty purposes will be changed from the present prac-
of accepting invoice values, based on the cost of goods abroad, to the new plan of
rican valuations. This means that the duty will be levied on the basis of the cost
production of similar goods in the United States, without regard to the cost of
ction in the country from which the goods are imported into the United States, and
estimated that the new policy will give an average valuation almost 40 per cent
r than under the present system. In other words, the rates of duty on imports
ssed at American valuations will be equivalent to rates about 40 per cent higher
if assessed on the present system of valuation.

The new Customs Tariff of Spain became effective on May 21 of this year and is
rded as a provisional measure pending a further revision of a more permanent char-
r which is now under study by the "Junta general de Arancelesy Valoraciones." The
mble to the Decree recalls that in defence of national industries, the duties on a
iderable number of articles were increased by an Order, dated November 26, 1920, but
further measures to this end must be taken, as all branches of industry are suf-
g from an aggressive influx of foreign products, facilitated by the general post-
economic situation and the disturbance of the normal international currency exchange
tions. The preamble continues: "Moreover, many countries have taken and are taking
res to prevent the invasion of their markets by foreign goods; tariff barriers are
g raised, and other restrictive measures adopted, on all sides, and the interests
Spanish export trade are being gravely prejudiced. The situation is developing
ds a world-wide tariff war. There is the further consideration that the treaties
ich Spain's tariff relations with certain countries are governed, and by which
n of the Spanish tariff duties were 'conventionalized' are either terminated or
point of being terminated, and the tariff of 1912 is no adequate instrument with
to embark upon commercial negotiations with other governments. For all these
it is concluded that an immediate provisional revision of the tariff is urgently
ary to safeguard legitimate interests of Spain, both as producer and exporter."
eral, the new duties are about 100 per cent higher than those of the tariff of
, but in numerous cases the new rates are 200 per cent or more in excess of the
r duties. Spanish customs duties have been made payable in gold: if paid in
r or paper money, they are subject to a surcharge representing the premium on
. At present rates this means an additional 40 per cent increase in the effective
ff duties.

The Madrid correspondent of The Times (London) Trade Supplement, writes: "The
customs tariff . . . . is something more than a formidable instrument of protection
existing Spanish industries. The wide difference between the duties marked in the
t and those of the second column stamp it as an instrument prepared for use in a
ff war, if necessary." The new Spanish anti-dumping law, which became effective
ne 15, provides for increases ranging up to 70 per cent in the value for duty
ses of goods imported from countries, the currency of which is depreciated.

Amendments to the Japanese tariff have been passed recently for the purpose of
ting local industries, particularly those manufacturing zinc spelter, industrial
icals, certain fatty substances, and iron and steel. Tariff duties have been
ced on many items, including spiegeleisen ferromanganese, iron rods and bars, wire
, tubes, spelter, locomotive engines, boilers, cranes, etc., caustic soda, caustic
h, soda ash, peroxide of soda, benzoic soda, sulphate of cocaine, stearin, paraffin
olein.

The new customs tariff of Switzerland came into force on July 1. No less than
rticles, mainly food, drink and clothing, were affected. The changes in duty in
cases were upwards, and in many instances the increase was as much as 300 per cent
re. Box calf leather, which formerly was dutiable at 18 francs per hundredweight,
dutiable at 80 francs. Sewing machines are now dutiable at 30 francs per hun-
ight, instead of 8 francs as formerly. Photographic cameras must pay 100 francs
d of 20, and phonographs 60 francs instead of 20. The duty on leather travelling

and bags is now 200 francs per hundredweight, instead of 65 as formerly. ction of home industries and considerations of National revenue are responsible the changes. Switzerland is still protecting domestic industries in some cases prohibition of importations except under license.

The Assistant Canadian Trade Commissioner at Cape Town, South Africa, reporting the Department of Trade and Commerce, at Ottawa, this Spring, said: "One of the features of the present session is to be the consideration of adequate protection various industries which have been experiencing extreme difficulty - and some of are at a very low ebb - during recent months. Overseas competition, as well as effect of world-depression, is cited as a fundamental reason for the present posi- . Whether the method to be employed will be an increase of customs duty on certain rted articles or the payment of a bounty covering a period of years to the indus- concerned is not yet even hinted at. A very interesting debate may be looked , and if the former course is decided upon it is possible that Canadian manufac- rs of more than one line now being exported to the South African market in fair tities will be affected." In order to protect the South African boot and shoe stry, principally against competition from the United Kingdom, the Government has ibited the importation of boots and shoes into the Union of South Africa until the of this year, except under license. Licenses will be issued only for the impor- of such shoes as the home manufacturers are unable to produce.

Customs duties on imports into British India were increased from March 1, 1921. general ad valorem duty of 7½ per cent has been increased to 20 per cent in the of such goods as confectionery, motor cars, motor cycles and tires, silk piece , clocks, watches, musical instruments, plate, and other manufactures of gold and r, manufactures of silk, toys and sporting goods, umbrellas and certain other les. On still other commodities, the ad valorem rate of 7½ per cent has been sed to 11 per cent. Machinery and stores for cotton mills, which were formerly d to enter free of duty, are now dutiable at rates specified in the tariff. and cigarettes are dutiable at 75 per cent ad valorem.

A tariff bill recently introduced into the Swedish Riksdag provides for an ase of 100 per cent in the specific duties on a large number of goods, and for an ase of 30 per cent in the ad valorem rates on certain other goods. This legisla- is only of a temporary character, but it indicates the protectionist movement in den. The duties on imports into Belgium have been substantially increased, the new es becoming effective on April 11 of this year. In a large number of cases the ies have been doubled and in some instances more than doubled. Substantial increases been made in a considerable number of items in the customs tariff of the Nether- ds. The customs import duties of Chile have been sharply increased and in addition house fees payable on foreign goods in customs warehouses in Chile have been in- sed by 50 per cent. The duty on goods entering Mesopotamia has been raised to 15 cent ad valorem.

Those countries which have not made substantial increases in their import duties the first of the year almost without exception had increased their tariffs last . Even in cases where sharp general advances were made in tariff rates last year ncreased protection provided otherwise for domestic industries, as was done by ce, Italy, Belgium, Portugal, Finland, Australia and other countries, further nces are being made from time to time in the import duties on particular items additional protection is required. The movement towards higher protection for ve industries is universal, and Canada is the only manufacturing country of any iderable importance in which there is any demand for tariff reduction. As the ish Government tersely said, in the preamble to the order bringing into effect the customs tariff, "tariff barriers are being raised and other restrictive measures pted on all sides." The interests of Canada's export trade are being gravely pre- iced. Under these conditions, Canadian producers need the support of the home mar- to the fullest possible extent and if the producing interests suffer, no element the Dominion can expect to escape injury.

ANADIAN RECONSTRUCTION ASSOCIATION
INFORMATION SERVICE

o. 110. TORONTO, CANADA July 20, 1921.

FOR RELEASE
upon receipt

A detailed analysis of the permanent tariff bill recently introduced into the ited States Congress shows its principal features to be:-

1. a very substantial advance in tariff rates.

2. Curtailment of the free list, which contains only 188 items, as compared th 270 items in the Underwood-Simmons tariff of 1913.

3. Resort in many cases, where substantial protection is needed, to specific, r to mixed specific and ad valorem duties, rather than to straightt ad valorem rates. his change is of special importance on account of the tendency towards lower prices, s the duties will provide greater relative protection as prices decline.

4. A more detailed classification and subdivision of items so as to provide gher protection where such higher protection is required.

5. Total prohibition, for a period of three years, of importation into the ited States of certain coal tar products, including dye stuffs, to be specified by he United States Tariff Commission when the Commission shall decide that such products f United States manufacture are obtainable "at reasonable terms as to quality, price, d delivery."

6. The adoption of the new system of "American valuation" for the assessment custom duties, instead of the system heretofore in operation under which the ad rem duties specified in the tariff were assessed on the fair market value in the ntry of shipment, and in practice on the invoice price.

Commenting on the bill, the New York Journal of Commerce says: "It is not easy arrive quickly at definite comparisons of duties under the new and old lists, but ties are commonly thought by sharp observers to be not less than 30 per cent higher an heretofore."

The departure in the new tariff from the usual practice of assessment of ad alorem duties on the prices paid by the importer for goods and the adoption instead, s a basis for the levying of tariff rates, on the value of comparable goods in the ited States, is a change of far-reaching importance. In all cases the duties proided in the tariff to be assessed on the "American valuation" basis are equivalent to uch higher rates levied on the old plan. Increased protection is afforded, especially gainst the products of low cost of production countries. For purposes of assessment f duties, differences in the prices of goods abroad will be ignored and the dutiable alue of imported merchandise will be the wholesale selling prices of comparable and mpetitive products in the markets of the United States. Adoption of the principle f "American valuation" also will increase the protection to producers in the United tates against imports from countries which, by reason of depreciation of exchange, njoy a decided advantage in exporting to this continent.

This bill contains a special provision under which the President of the United tates may enter into reciprocal trade agreements with foreign countries and, as a eans of bargaining and for a quid pro quo, may concede a reduction during a specified eriod, not to exceed five years and to the extent of not more than 20 per cent of any f the duties prescribed in the new tariff measure.

In comparing the new tariff rates for the United States with those of the Canaian tariff, it should be noted that unless and until reciprocal agreements are consumated, the United States will have only a single tariff against all countries, whereas he rates usually quoted by critics of the Canadian tariff are the rates provided in he General Tariff schedule. Canada has, in effect, four tariffs: the General schedule, which is the highest and which applies to importations from countries the products of which are not admitted to the lower rates of the British Preferential Tariff d with which countries Canada has no special tariff agreement; the Intermediate or rgaining Tariff, providing for reduced rates which the Canadian Government can offer foreign countries in exchange for special rates on Canadian imports into such countries; the British Preferential Tariff, applying to imports from the United Kingdom and her parts of the British Empire which make reciprocal concessions on importations of nadian goods; and special tariff rates such as those provided in the Canada-West dies agreement.

In many lines the principal competition confronting the manufacturing industries f the United States is from the United Kingdom, so that the United States tariff rates respect of such commodities should be compared, in measuring the relative protection fforded by the two countries to their home industries, to the British Preferential and t to the General rates of the Canadian tariff. It should be taken into account also at the primary industries of the United States have been much longer established than ve those in Canada, and that they are much more strongly developed. Consequently, a ariff rate on certain manufactured goods may represent the aggregate protection for a mber of separate and distinct processes, whereas in the United States tariff it may present the net protection for only one or two industries or industrial processes. r example, the Canadian tariff rates on manufactured commodities into which copper, rass, or copper alloys enter as raw materials do not represent by any means the net tection for the manufacturer on such articles, but such rates constitute the comned protection for the production of copper, the rolling of sheets or plates of copr, brass, or copper alloys, and the manufacture of articles into which such raw or mi-manufactured goods enter as raw materials.

The following comparison shows that many of the rates of the new Fordney tariff r the United States are substantially higher than the duties on similar goods under e Canadian tariff. When it is remembered that the United States duties are to be ssessed on the basis of "American valuation", while the Canadian rates apply in genal only on the actual prices paid by the importers, exclusive of transportation, rance, and other charges from the country of purchase, it will be seen that the dian rates are much lower than those provided in the bill now before the Congress f the United States:-

	Fordney Tariff	Canadian Tariff
iquid paints	30%	20 to 30%
leaching powder (chloride of lime)	60 cents per 100 lbs.	10 to 15 cents per 100 lbs.
ustic soda	50 cents per 100 lbs.	20 to 30 cents per 100 lbs.
alt, in bulk	7 cents per 100 lbs.	free to 5 cents per 100 lbs.
alt, in bags, etc.	11 cents per 100 lbs.	free to 7½ cents per 100 lbs.
mon soap	20%	65 cents to $1.00 per 100 lbs.
ina tableware	35 to 40%	15 to 27½%
lass jars	40%	20 to 32½%
nap fasteners	40 to 45%	20 to 30%
ins	28%	20 to 30% (most imports are subject to 20%)
nives, etc., (valued at ore than $8 per dozen)	30 cents each and 30%	20 to 30%

Pocket knives, etc., (valued at not more than 40 cents per dozen)	40%	20 to 30%
Table knives, etc.,	3 to 16 cents each, and 35%	20 to 30%
Scissors (valued at more than $1.75 per dozen)	20 cents each and 35%	20 to 30%
Watch movements	75 cents each, if less than 7 jewels, to $10.75, if more than 17 jewels.	10 to 12½%
Automobiles	25 to 50%	22½ to 35%
Bicycles	30 to 50%	20 to 30%
Butter	8 cents per lb.	3 to 4 cents per lb.
Cheese	5 cents per lb. to 25%	2 to 3 cents per lb.
Eggs	6 cents per doz.	2 to 3 cents per doz.
Fresh fish	1 cent per lb.	½ to 1 cent per lb.
Indian corn	15 cents per bushel	7½ cents per bushel
Wheat	25 cents per bushel	free to 12 cents per bushel
Macaroni, etc.	$1.50 per 100 lbs.	75 cents to $1.25 per 100 lbs.
Cotton cloth, unbleached, over No. 100	specific rates, but not less than 29%	15 to 25%
Cotton cloth, bleached, exceeding No. 100	specific rates, but not less than 33%	17½ to 25%
Gloves of cotton	23 to 40%	22½ to 35%
Hosiery of cotton valued at more than $3 and not more than $5 per dozen pairs	$2 per dozen pairs and 12½%	25 to 35%
Hosiery of cotton valued at more than $5 per dozen pairs	35%	25 to 35%
Underwear and wearing apparel of cotton, valued at more than $3 and not more than $5 per dozen	$1.20 per dozen and 20%	25 to 35%
Lace curtains, etc.	specific rates, but not less than 40%	25 to 35%
Flax or jute fabrics for paddings or interlinings of clothing	33 1/3%	15 to 25%
Towelling of flax	28%	17½ to 25%

Woven fabrics of wool in whole or part, if subjected to process of damping, sponging or shrinking	from 30 to 36 cents per lb. and 24 to 29%	30 to 35%
Pile fabrics	6 cents per lb. and 27½%	30 to 35%
Blankets, in whole or part of wool, valued at more than $1.50 per lb.	30 cents per lb. and 25%	22½ to 35%
Felts, not woven, valued at more than $1.50 per lb.	30 cents per lb. and 25%	15 to 25%
Hosiery, woollen, valued at more than $3 per doz. pairs	36 cents per lb. and 30%	25 to 35%
Knit fabrics of wool	25 to 36 cents per lb. and 20 to 25%	22½ to 35%
Knit outerwear	26 to 30 cents per lb. and 28 to 33%	22½ to 35%
Clothing, in part or whole of wool	20 to 36 cents per lb. and 25 to 30%	30 to 35%
Carpets	1 to 3 cents per sq. ft. and 25%	25 to 35%
Buttons, n.o.p.	38%	22½ to 35%
Manufactures of fur, n.o.p.	35%	20 to 30%
Combs	35%	22½ to 35%
Pianos and most musical instruments	35%	20 to 30%
Lead pencils	50 cents per gross and 25%, plus heavy additional cumulative duties	15 to 27½%
Umbrellas, parasols, etc.	35% or higher	22½ to 35%

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

111. TORONTO, CANADA July 27, 1921.

FOR RELEASE upon receipt

For the first month since January, the value of Canadian products exported during ne exceeded the value of imports into the Dominion. In June, 1920, imports for conmption were valued at $134,692,344, while the value of domestic merchandise exported as $106,537,835. For June of this year the value of imported merchandise was $57,643,-58, while Canadian products were exported to the value of $58,576,299. The sharp ecline in Canadian trade abroad is due, in considerable measure, to the fact of lower rices, but it is encouraging to find that, despite the Emergency Tariff Legislation of e United States which was expected seriously to interfere with Canadian exports to at market, the drop in our export trade for June of this year, as compared with the rresponding month a year ago, was substantially less than the reduction in the value f imports. The curtailment applies to all the principal classes of imported commodiies, although the percentage reductions vary within considerable limits. In the reduction of our export trade it is apparent that agricultural exports have not suffered even s great relative curtailment as have exports of Canadian manufactured goods. Comparing e value of exports for June, 1920, and June, 1921, we find that the value of exported gricultural and vegetable products, mainly foods, dropped from $33,927,908 to $24,238,196. ports of animals and animal products declined from $14,702,889 to $10,892,581. Turnng to consideration of export figures of non-agricultural products, we find a reduction mports of iron, steel and manufactures thereof, from $8,799,321 to $1,786,291 and f wood, wood products, paper and manufactures thereof, from $30,073,280 to $13,279,906. e revenue from customs duties declined from $18,938,045 for June, 1920, to $9,067,478 r June, 1921. It is surely better, however, to suffer a reduction in customs revenue s a result of the reduced value of importations, than to risk an increase in importaions from a lowering of the Canadian tariff. The latter policy would make Canada a mping ground for the surplus production of the great factories in the United States, t a time when they are under urgent necessity of finding a market for their products; uld force many Canadian manufacturing companies out of business; directly or indirectly uld cause a still further curtailment of the purchasing power of all communities in nada; and would react harmfully upon every class, interest and individual in the minion. Under present conditions there is relatively much less unemployment in Canada an in the United States. The explanation of this situation is found very largely in e facts that importations into the United States from abroad, aided by exchange, have en rapidly growing and that, under the low rates of the Underwood-Simmons tariff of 913, the Republic had no effective means of curtailing such imports and, also, that the ctories of the United States, which already supplied most of the home market requirents, had no outlet for a large part of their production when the export market demand s seriously restricted and home market buying was curtailed. Canadian producers, ke those in the United States, have been confronted with the problems of a seriously rrowed export market and reduction in Canadian buying, but, as a result of the tariff d the exchange situation, they have been able to divert a substantial part of the nadian buying from imported to domestic goods. The tariff is thus proving a factor f tremendous importance in easing the difficulties of econmic readjustments, in keeping employment in Canada to a minimum, and in saving this country from the full force of mpetition from embarrassed, glutted industries in the United States.

The wage level in Canada is in general about the same as that in the United tates. In local industries wages may be higher on one side of the international undary, but there is a marked tendency towards equalization and wages paid in the ited States tend to determine the wages paid in this country. Canadians will be terested, then, in the comparison of wages in the United States and foreign countries ch has been prepared for the use of the Committee on Ways and Means of the House Representatives. Such comparison has been printed as one of the Government's iff information publications. The following general resumé of wages in 10 selected stries in the United States, Germany, Japan, United Kingdom, France, Belgium, and ly is included in the report. The figures represent typical wages in the various stries and show the amount, in dollars, required as payment of a week's labor in e United States, compared with foreign countries. The figures are generally taken m official sources and conversion of foreign currency has been made at the rate vailing at the time the wage was paid. The editor of the publication calls attenn to the fact that the figures for the United States represent actual earnings le, with a few exceptions, specified rates only are shown for other countries:-

stry and occupation.	United States.	Germany.	Japan.	England.	France.	Belgium.	Italy
micals:							
Process men	$31.03	$6.34	$4.90	$18.71	....	$4.46	$5.40
Common labor	18.15	5.52	4.50	13.32	....	3.31	4.68
tery and chinaware:							
Potters & kiln placers	30.94	6.60	6.00	15.59	....	....	....
ss:							
Skilled workers	(26.81) (to) (69.83)	6.24	(9.60 (to (13.68	21.45) to) 27.30)	....	15.00	....
n and steel:							
Mill labor	43.12	5.34	9.90	17.40	$16.80	15.63	....
dworking:							
Cabinetmaking	27.21	5.76	9.90	19.68	9.36	9.12	....
iculture:							
Farm labor(a)	46.89	6.25	b29.70	32.76	28.56	....	9.73
s and provisions:							
read baking	26.32	....	....	15.14	8.52	....	8.10
andy making	19.87	5.28	6.30	13.65	6.48	7.49	....
rewing	34.14	4.90	5.40	14.43	9.39	....	....
tiles:							
Cotton weaving	20.86	4.35	4.56	12.39	9.12	10.29	5.14
Cotton spinning	....	....	4.80	11.24	....	9.77	5.62
Woolen weaving	38.98	4.35	6.00	17.70	....	9.63	
Woolen spinning	39.33	4.74	....	15.58	12.00	9.54	
k manufactures:							
Silk and silk goods	20.51	....	(2.10 (to (10.50	7.06 to 17.80	2.82) to) 5.04)	....	(2.34 (to (5.15
thing (men's):							
Tailoring and cutting	26.38	6.24	8.13	16.32	8.90	....	....

Per month with board. (b) Per year with board for 1917, latest figures available.

The following table, which also is based on official statistics, shows how daily es have increased in the United States, Germany and Japan. In 1914, the average ly wage in New York State factories was $2.05, while male workers in Germany ived the equivalent of $1.23 and female workers the equivalent of 54 cents. At same time, the average daily wage for 27 selected occupations in Yokohama, Japan, 48 cents. In 1920, the average worker in New York State factories received a daily of $4.78, while German male workers were paid the equivalent of between 80 cents $1.20 per day and Japanese workers received the equivalent of $1.44 per day.

	1914		1916	1918	1919	1920	
ted States: In New York State factories	$2.05		$2.50	$3.60	$4.26		$4.78
many:		Marks.	Marks.	Marks.		Marks.	
le workers	1.23	5.17	7.00	11.68		40-60	$0.80-1.20
male workers	.54	2.28	3.02	5.45			
: For 27 selected occupations in Yokohama.	.48	Sen. 95	Sen. 95	Sen. 141	Sen. 196	Sen. 288	1.44

Because of the low gold equivalent of the wages now paid to German workers, the ustries of this continent are in a much less favorable position than they were fore the war to compete with German producers, either in the Canadian home market or export trade. Even before the war, German wages were much lower than those paid corresponding operations in Canada or the United States, and the difference has en widened because the percentage increase in German wages, measured in gold, has t been more than half as great as the percentage increase here and the standard of ving of German workerrs in factories and elsewhere has been lowered relatively.

The Union of German Metal Workers has recently published an investigation of ges and the cost of living in the metal industry in Germany. This inquiry included total of about 2,300,000 workers. It was found that 63 per cent of these workers re receiving wages which were more than 800 per cent greater than those of 1914; 36 r cent were receiving wages from 500 to 800 per cent greater than in 1914; and the mainder were receiving wages which have not increased as much as 500 per cent since 14. On the other hand, the entire cost of living for a family of four is said to ve increased about 1,550 per cent since 1914, while Calwer's Bureau (a private tistical organization) which usually makes use of official statistics, estimates at the cost of food alone for a family of four has increased about 1,470 per cent nce 1914. The National City Bank of New York reports the increase as of April, 1921, 1,429 per cent. It will be seen that the standard of living for the German workmen s been lowered substantially since 1914.

The figures are interesting also from another angle. The German workmen, though receiving increased wages, are paid in depreciated paper money, and the forgn exchange value of the German mark in terms of United States currency, which is actically equivalent to gold, is 1.276 cents as against a parity of 23.8 cents. In her words the German currency has depreciated, so far as its foreign exchange value s concerned, to about 1/19th of its par value. Even on a most liberal estimate, the st of living in Germany has not increased more than 15 times, while wages are only to 15 times as high as in 1914. On this continent and elsewhere both wages and ices are much higher than they were before the war; recent estimates show that the crease in the cost of living in Germany has only been about ten times as great as e increase in the United States and the relative increase in wages has not been even s great as that of prices. We are brought to this conclusion then that the exchange lue of the German mark is about 1/19th of its pre-war value, while the increase in e cost of living in Germany has only been ten times as great as that in the United tates, and the increase in wages in Germany has been less than ten times as great as e increase in wages in the United States. Measured on a gold basis, the percentage crease in the cost of living in Germany has only been about 10/19ths, or slightly re than one-half of the increase in the cost of living in the United States. Simirly the percentage increase in wages in Germany has been less than one-half the crease in wages in the United States.

This situation gives Germany a great advantage in export trade because German ods are produced at an exceedingly low wage cost, when the latter is measured in ld, and Germany is able to undersell in the world's markets many of the products of her countries. In this connection it should be remembered that in the final analysis yments for work of all kinds represent 70 per cent or more of the cost of all comdities. As an example of the way in which Germany is underselling other countries, e United States Department of Commerce refers to "quotations taken from cables by e American Consul in Concepcion (Chile), which show that the American quotations r steel tubes were 20 per cent more than the British, while the English quotations re 60 per cent higher than the German. German goods are arriving in Dutch, Danish d British ships and are said to be comparatively satisfactory."

Canadians have cause for congratulation that their banking system has stood e severest strains of war financing and business depression. The efficiency of the nadian banking system is in marked contrast to the system in the United States with s small local banks and its records of suspensions with every reaction in industry. pecially have Canadians cause to be thankful that in no part of Canada is the banking tuation anything but sound and healthy, while North Dakota, with its State bank and all local unit banks, is struggling to escape from the muddle in which Nonpartisan gue policies have involved the whole financial organization. The Fargo Forum, in cent issue, said:-

"If the present condition of The Bank of North Dakota does not amount to lvency, the distinction between the two is so fine that any ordinary citizen not see it. The bank to-day is turning down cheques drawn by its depositors inst balances which are fully adequate to cover those cheques. It is refusing to warrants for such items as bills for the expenses of the last Assembly, bills the care of the feeble-minded, bills for teaching crippled soldiers, teachers' laries and hail insurance warrants. Yet it is asking innocent and gullible deposi- to put their slender savings in its care. . . . Before the summer is over we may to pass the hat to pay the bills of our insane hospitals and penitentiary."

A Seattle despatch says: "Following an unsuccessful attempt on the part of the dinavian-American Bank to merge with three other important institutions, banking rations were suspended and the bank placed in the hands of the Superintendent of ks, at a meeting of the Board of Directors held recently. The statement said lvency was the result of abnormal declines in values following the world war. fficial estimates place the Bank's deposits at $13,000,000 and the number of sitors at 13,000 to 15,000."

While a number of bank failures have occurred in all parts of the United States ing the past year, the chartered banks of Canada have come through the test of ing business conditions without any suggestion of weakness on the part of any of eighteen banking institutions.

CANADIAN RECONSTRUCTION ASSOCIATION
INFORMATION SERVICE

No. 112. TORONTO, CANADA August 17, 1921.

FOR RELEASE upon receipt

Every element in the population must accept some responsibility if the Made in Canada movement is to succeed and the country to reduce its importations to such an extent as will effect any appreciable improvement in the exchange situation, by narrowing the present wide disparity between national income from abroad and our national obligations abroad. A peculiarly heavy obligation in this connection rests upon architects who prepare specifications for materials and equipment. In some cases United States architects are employed and these are in the habit of specifying United States goods, because they are not acquainted with the products of this country. Even in the case of architects of Canadian birth, many have had their training in the United States and frequently, through lack of information relative to Canadian goods or lack of experience with Canadian products, they call for materials or supplies of United States production.

In some instances, public bodies which are anxious to support the Made in Canada campaign to the fullest possible extent have allowed specifications to be issued in which imported articles are called for, by direct mention of the name of manufacturers abroad, with or without some qualifying clause permitting the use of some "equal" alternative. In this way the use of the imported commodities is impressed upon the mind of the contractor and he must take the full responsibility if any objections, justified or unjustified, are made to any alternative goods which he may substitute. Recently the school boards of two large Canadian cities issued specifications calling for foreign-made master clocks and signal gongs as equipment for collegiate institutes. These specifications apparently were drawn up by their architects thoughtlessly or in ignorance of the fact that similiar equipment, at least equal in quality to, and comparing favorably in price with, the imported equipment, was made by Canadian workers, in plants in Canada which buy Canadian material and pay taxes in the Dominion. It is believed that if architects employed in the Dominion were better informed as to the goods obtainable in this country and the fact that in many cases such goods compare favorably in quality and price with the best imported articles and if they appreciated the seriousness of Canada's trade position and the importance of keeping Canadian money at home to the largest possible extent, they would be anxious to specify Canadian materials and manufactures in every case where quality and prices warranted such specifications. There is a duty also upon public bodies, private companies, and individuals throughout Canada to insist that the architects who prepare specifications for them should call for Canadian products to the fullest extent consistent with the obtaining of satisfactory results at favorable prices. Responsibility also rests upon Canadian manufacturers and other producers to keep architects acquainted with their products by distribution of catalogues or otherwise.

The Made in Canada movement is steadily gaining support but there is need now, as never before, that every one should use his or her influence to see that Canadian goods receive a preference in the home market, whenever the quality is as good as that of imported articles and when the prices of the Canadian goods are no higher. The problem appears to be largely one of education and the preference for imported goods in many cases is due simply to lack of information. Co-operation by Canadian producers and Canadian users of materials and also by architects and others will go far towards relieving present business difficulties and improving our national trade and exchange position.

The railways are preparing this year for a very heavy movement of harvesters to Western Canada. It has been estimated that some 44,000 additional workers will be needed to assist in garnering the grain crop in the three Prairie Provinces. Of this number some 9,000 will be available locally, mostly from the cities and non-agricultural occupations. About 5,000 will go from British Columbia, and the remaining 30,000 must be drawn from the United States and Eastern Canada, principally the latter. Preparations were made for almost 3,000 in the first excursion from the Maritime Provinces and the movement from Quebec and Ontario promises to be exceptionally heavy.

We wonder whether the farmer realizes that it is industrial development which provides this ready supply of seasonal workers. Most of them are drawn from industries and commerce and, if this was solely or predominantly an agricultural country, the problem of harvesting the annual grain crop would be an exceedingly serious one. Reply may be made that the western farmers would draw their supply of seasonal helpers from the United States, where the grain crop is somewhat earlier than in Western Canada. It is true that some help could be expected from the United States, but experience has shown that the number of farmers or of experienced farm helpers from south of the international boundary who come to Canada for the harvest season is limited. Even in the United States, the grain growers depend largely upon industries and commerce for additional seasonal labor. Moreover, there would be danger in a situation where Canada had to wait for harvest hands until the crop in the Northern States was harvested.

It is true that the advantge which comes from the co-ordinate development of industry and agriculture in Canada is not all on one side. The grain crop provides seasonal employment for many workers during a period when their regular employment is dull. Moreover, the annual flow of workers to the prairies affords a means of getting acquainted and for an exchange of ideas among citizens of the Dominion. We believe that the Canadian farmers appreciate the advantages of getting their seasonal help largely within the Dominion, instead of having to depend upon the farm hands who might be induced at the end of the season to come in from the United States.

Many people do not yet appreciate fully the close relationship which exists between the adverse balance of Canada's international account and the exchange discount on our money in the United States, the currency of which is practically on a parity with gold. For the fiscal year ended March 31, 1921, imports for consumption were valued at $2,240,158,882, while exports of Canadian products were valued at $1,189,163,701. This leaves an apparent adverse balance of approximately $51,000,000, but in reality the unfavorable balance was much greater, because the invoice values of imports from the United States were stated in terms of United States dollars and Canadian importers had to pay a substantial exchange premium. The exchange in some cases was absorbed in part by United States exporters, but a conservative estimate would put it at not less than $75,000,000, which amount must be added to the adverse balance as shown by official trade statistics. Interest on Canadian borrowings abroad and other items, including payments to non-Canadian insurance companies, railroads and steamship lines, expenditures of Canadian tourists abroad, remittances from immigrants and others living in Canada to friends abroad, etc., represent an annual "invisible" obligation of close to $300,000,000. Our unfavorable trade balance and our other obligations and payments abroad last year amounted, therefore, to approximately $425,000,000.

Records of Canadian bonds sold during 1920 show about $215,000,000 of such bonds placed outside of Canada. Assuming that part of the bonds placed in Canada found their way to investors in the United States and elsewhere, we may assume that Canada's security borrowings outside of the Dominion last year amounted to not more than $225,000,000. In addition, some $50,000,000 which the Canadian banks had loaned to the British Government were repaid. This still leaves a deficiency of at least $150,000,000, which, for the most part seems to have been made up by United States industrial investments here. The exchange discount on Canadian money in the United States appears to have been determined largely by the additional inducement which it was necessary to offer to secure United States money for investment in Canada.

It must be clear from the analysis above that the deficiency between our current national income and our current national outgo on international account makes it impossible for Canada to resume specie payments and maintain an effective gold standard, for the reason that if the restrictions on exportation of gold were removed our entire gold stock would be drained from us in less than a year's time. The only way in which the iscount on Canadian money can be corrected is by establishing a balance between our ligations abroad and our income from abroad. It is not feasible immediately to duce the principal of our international debt by any large amount and our merchandise rade is the only large controllable item in the account. It is desirable, of course, at Canadian exports should be increased as largely as possible, but the European rket is practically closed to all but indispensable Canadian imports and the United tates market for our products has been narrowed. The only practical way, under present conditions, in which Canada can put its international financial account in order nd prepare for the resumption of specie payments, which alone would correct the exhange depreciation of our paper currency, is by reducing not only imports from the ited States but those from all countries. Canada has a productive capacity, which s greatly extended during the war, to supply a much larger proportion of Canadian eds than is now being supplied from Canadian sources, and we must look to our import rade as the factor in the account towards reduction of which our efforts ought to be irected.

Some people profess to find inconsistency in the fact that a tariff is advocated ainst imports from European countries, because their currency is depreciated, and ainst imports from the United States because the United States dollar ranks higher an ours. A tariff is needed against low exchange countries because costs of production there of most commodities have not been increased in the same proportion as the preciation in their currencies. Such countries have a temporary unfair advantage in lling in the Canadian market, a situation which might prove disastrous to Canadian dustries if the latter were not afforded protection against what has been called xchange dumping." The present exchange situation adds another strong argument to the se for protection against imports from the United States. Exchange is costing the nadian public a very large amount every year in increased cost of absolutely necessary modities such as coal, sugar, cotton, oil, etc. Indeed, exchange increases the cost everything that is imported. The only way in which such exchange can be overcome is increasing exports to the largest possible extent and by limiting imports from abroad the minimum of absolute necessaries.

The manner in which the Southern States have been freed from precarious dependence upon a single cotton crop by the industrial development that has taken place there ring recent years, is known to most people who are acquainted with conditions in the ited States. It is not so generally known, perhaps, that as the Southern public has limpsed the possibilities and advantages of industrial development co-ordinate with ixed farming, free trade sentiment has gradually given place to advocacy of tariff otection. It was not many years ago that the South was quite as uncompromising in ts demand for practically free trade as are the grain growers of the Canadian West day, but as the South acquired interests other than the production and sale of raw tton its attitude in the matter of tariff policy has undergone a notable change. We w find a Southern Tariff Association representing 60 southern industries, including nufacturing, agriculture and mining. Affiliated with such Association are no less an 108 other organizations, representing various trades and industries south of the son and Dixon line. Numerous tariff congresses have been held under the auspices of e Association and at all of these the protectionist principle has been strongly advoted. At the conference held in Atlanta last January, Vice-President Coolidge was one the participants, on the invitation of all the governors of the Southern States. nkers and other business men of the South are reported as bitter in their condemnation the manner in which they are misrepresented by low-tariff interests in the United tates Congress and elsewhere.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 113 TORONTO, CANADA August 24, 1921.

FOR RELEASE upon receipt

The Farmers' Sun and the interests which it represents have long advocated lessened dependence upon the customs tariff as a source of Federal revenue and increased reliance upon the income tax and other so-called "direct" levies. Everybody knows that the income tax falls heaviest upon persons on salaries or wages, those deriving all or part of their income from investments, and upon business organizations. The income of such persons is ascertainable definitely and accurately and the Department of Finance has been using every possible means of checking returns to prevent evasion of tax. Employers are obliged to furnish information as to all amounts paid to their employees, dividends to shareholders, etc. Mortgage records are scrutinized. Direct taxation by its very nature requires for its efficient administration a well-developed system of checking the returns made by taxpayers, both individuals and business concerns. Such is the tax which the agriculturists have favored and, by agitation, have helped to force on the Dominion.

The latest available records show that agriculturists, who represent close to one-half of the population of Canada are paying only a fraction over 2 per cent of the Federal income tax and a much smaller proportion of all the direct Federal taxes on income. To say that agriculturists are the most difficult class from which to collect an income tax, does not involve any suggestion of dishonesty or deliberate evasion. But, in view of the large agricultural production of this country and the high value of such production during recent years, it connot be pretended that the small amount paid by the farmers on account of Dominion income tax represents an excessive burden upon the agriculturists or that such tax as applied to rural communities is subject to less evasion than is the case with the tax upon persons deriving their incomes from non-agricultural pursuits. As long ago as 1891, New Zealand frankly recognized that an income tax was almost impossible of effective, equitable application to rural communities. Even before that time the Swiss cantons had instituted a land tax to supplement the levy on income. The British income tax, which is sometimes referred to as the most highly developed and efficient system of direct taxation, is essentially a land tax in its application to agriculture. Revaluation of all lands and buildings in the United Kingdom is made, under normal conditions, every fifth year. The British Income Tax Act requires that, if farmers keep books and can prove that their gross income, less only the limited allowances, is less than twice the annual value of the land which they occupy, they can elect to be assessed under Schedule B in the same way as manufacturers or tradesmen. Other wise, they are assessed for income tax on twice the value of the lands which they occupy. But even yet it is claimed that British agriculturists are not paying their fair proportion of taxes. The Association of British Chambers of Commerce, in representations to the Royal Commission on the Income Tax in 1919, described the present under-assessment of farmers as "intolerable," urged that between £5,000,000 and £10,000,000 additional taxes should be levied annually upon British farmers, and seriously proposed that the assessment of farmers be raised from two to five times the annual value of the lands occupied.

Under these conditions, it is somewhat surprising to find The Farmers' Sun objecting to the efforts of the Department of Finance to check income tax returns of agriculturists, as the Department seeks also to check all other returns. The Department of Finance is only adopting those sources of information and means of checking returns which are utilized in every other country in the world where a general income tax is in operation. The Farmer's Sun employs large type headlines to declare that "'Spy System' to Catch Farmers in Any Errors re Income Tax is Latest Development at Ottawa." In this connection, the following facts ought to be considered:-

1. The Federal income tax in Canada was adopted largely because it was advocated by representatives of the organized farmers.

2. Returns by agriculturists are neither more honest nor less liable to error than are returns by the non-agricultural population.

3. For effective administration of any income tax law, it is essential that there be an efficient organization for the purpose of checking returns and discovering both unintentional and deliberate discrepancies.

4. Such system of checking must make use of every source of information available and must apply to returns by farmers as well as those by non-agriculturists.

If this statement of the case be correct - and the Canadian Reconstruction Association believes that it is no more than reasonable - it is in bad grace for The Farmers' Sun to object to an honest effort to check the income tax returns made by the farming population. That paper was among the most bitter critics of the Federal income tax administration before the Department of Finance was organized for the effective checking of returns and following up of attempted evasion.

There is a lesson for Canada in the economic policies of Australia. That great Commonwealth of the Empire is increasing its tariff, not reducing it; is protecting the home market, not exposing it to destructive competition; is giving Government assistance to industrial development; and is encouraging a national Made in Australia movement. Opposition to the new Australian tariff has been routed. A Melbourne correspondent of the London Times' Trade Supplement declares that while the opposition of the Country Party to the new tariff schedule was insistent, keen, and sustained, it was ineffective.

"The Minister of Customs, Mr. Massy Greene, a dairy farmer from the north coast district of New South Wales, and the youngest member of the Cabinet, has not only triumphed over the opposition but has succeeded, where the former Ministers failed, in securing the rapid passage of the duties framed by him over twelve months ago. When revision of the schedule was entered upon experienced Parliamentary lobbyists expressed the view that the debates would be protracted and that the tariff would be piloted through Parliament only after many months of wrangling and discussion. The Minister of Customs, however, prepared his case so well and presented his arguments in such a business-like fashion that after a few items had been disposed of the majority of members was prepared to accept his statements and pass the sections as submitted. Mr. Gregory, member for Dampier, in Western Australia, and a former Minister in that State, has played a lone part in opposing the new duties. He is the deputy leader of the Country Party, but the backing which he has received from his followers has lacked 'punch'."

A striking feature of the debate was the attempt of the Labor opposition to increase the duties on pig iron from 20s. a ton British preference, 30s. a ton intermediate, and 40s. a ton general, to 30s., 45s., and 60s. a ton, respectively. The Minister of Customs declined to accept the amendment, which had been submitted because the products of Czecho-Slovakia were seriously entering into competition with those of the local manufacturers, but the Government is committed to the introduction of an anti-dumping bill. Indeed, through the Minister of Customs, it has pledged itself to adopt any measure necessary to protect the iron and steel industry. Further efforts were made by the Labor Party to increase the measure of protection accorded to steel sections and parts, but Parliament declined to amend the Minister's schedule.

Continuing, The Times' correspondent says: "The main offensive--if it may be termed such--of the Country Party was launched against the duties on agricultural implements, which on account of the desperate efforts of American manufacturers to retain their foothold in Australia have been made particularly high. The view was submitted by the Anti-Tariff Party that a duty on the tools of trade of primary industry constituted a burdensome tax, more especially since farmers had to compete in the world's market with their produce. Members who sought the removal of the duties on agricultural implements, however, made no reference to the fact that everything the farmer produces in this country is heavily protected through the tariff. The Minister, in anticipation of the Country Party's attack, fortified himself with information as to the selling prices of American agricultural implements in countries where Free Trade prevails, and demonstrated, to the satisfaction of the House, that these prices were much higher than those charged in Australia. The point he sought to make was that the existence of the farm implement industry in Australia tended to keep down prices, and therefore it was in the interests of the farmer to preserve the Australian industry. The duties as scheduled were passed."

The Times' correspondent attributes the easy passage of the tariff to some extent to the fact that a Tariff Board is to be appointed "to hold the scales evenly between all sections of the community." This Board will be presided over by an officer of the Customs Department, while its other members will be drawn from the industrial field. "Eventually," he says, " a permanent Board will be created to advise in the administration of the Tariff Act and work in conjunction with a Parliamentary Tariff Committee composed of members of all parties. The intention is to keep the tariff constantly under review, having in mind always the fact that the policy of the country is fundamentally one of Protection--Protection in its broad sense. Manufacturers will have every facility offered them to approach Parliament through the Tariff Board, which will also be available for the hearing of any charge against an industry which may seek to exploit the public by reason of its immunity from outside competition.

There has been no more striking indication of the change of economic opinion in Great Britain as a result of war experience than the passage through the House of Commons of the Government's Safeguarding of Industries Bill by 176 votes to 4. The measure is an embodiment of two resolutions introduced in the Commons last March by Sir Robert Horne, Chancellor of the Exchequer, who said at that time they would form the basis for the Government's proposed customs legislation.

One of these resolutions provides for the levying of a customs duty of 33 1/3 per cent ad valorem on importations entering the United Kingdom of optical glass; optical instruments; scientific glassware; porcelain instruments; magnetos; tungsten and its products; synthetic and organic chemicals; except dyestuffs; colors; coloring matters and fine chemicals.

The other resolution provides for customs duties on any articles not mentioned in the first resolution, which the Board of Trade under the Act will have the power to specify, on the ground that the said articles are being sold or offered in the United Kingdom at prices below their production cost, or owing to exchange depreciation, at prices below what they can profitably be produced for in Great Britain.

The Canadian Reconstruction Association has publicly announced that through its Investigation Department, it is prepared to assist merchants and wholesale buyers throughout Canada by supplying information as to the classes and grades of goods obtainable in the Dominion and where they can be purchased. In the case of goods not yet manufactured here, the Association will endeavor to interest manufacturers in such production, when it is found that the Canadian demand is sufficiently great to make their manufacture economically feasible.

In announcing this new branch of its activities, the Association expressed the conviction, after much study of the problem, that very large quantities of goods still are imported from abroad of no better quality than that of products of Canadian manufacture and that the imported goods in many cases are considerably higher in price. This situation appears to be due in large measure, the statement adds, to absence of information as to what goods are obtainable in the Dominion and lack of familiarity with such products on the part of merchants and other buyers.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

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FOR RELEASE upon receipt

There are many people in Canada who profess to favour a "tariff for revenue," with incidental protection. Apparently they mean that they would devise a tariff with a view primarily to revenue needs, but would not object to the protection which the customs duties necessarily would involve. Such legislation, except in so far as it applied exclusively to goods of a class or kind not produced in this country, would be the most uneconomical and costly fiscal expedient that possibly could be considered. If the principle of tariff protection be accepted as a necessary means for developing national industry and promoting a larger measure of national self-sufficiency, the first consideration should be to ensure that the protection provided is adequate. Revenue considerations are of high importance, but they ought not to be given first place in revision of the tariff. The fact is that so-called "protective" duties unless they are effective, are worse than useless, inasmuch as they operate to increase prices and yet do not bring about a development of domestic industries. There can be no argument for "protective" tariff duties, which are not adequately protective. The experience of the United States, like that of every other industrial country in the world, has been that tariff duties high enough to be adequate and effective are the most economical. Canadian industrial history furnishes many proofs of this principle, and the following example is well worth considering:-

Four years ago, a large United States company manufacturing storage batteries had in Canada a small organization of some twenty-two employees. At that time the company was only assembling batteries in this country and no storage batteries were yet being manufactured here. Canadian prices were substantially higher than the prices for similar batteries in the United States. The Company received an offer from French interests for its properties and rights in the Dominion but before acting upon such offer sent a trusted official to Canada to report on the possibilites of the market here. As a result of his report, the French offer was refused and the Company has since increased its investment in Canada to close to $1,000,000, and its normal staff from 22 to over 300. Four years ago, when this Company decided to operate in Canada in a big way, it found that all raw materials for use in the manufacture of batteries had to be imported and duties paid upon them. Even battery boxes had to be brought in from the United States. But, as a result of the development of the manufacture of storage batteries in Canada, the primary and subsidiary industries have been developed, so that the Company is now buying in Canada all its supplies, with the sole exception of oxides (litharge and red lead), and it expects to obtain even these from Canadian sources within a short time.

The development of the manufacture in this country of storage batteries and the stimulus which has been given to the dependent or partially dependent industries has meant much to Canada by way of employment and otherwise. This single company is spending about one million dollars annually in Canada, and its payroll last year was in the neighborhood of $300,000. The parent company in the United States has plants located all along the United States boundary and would not have considered the location of a factory in Canada had it not been for the protective tariff. As a result, however, of such tariff, the Company has built up a complete separate organization in Canada, employing between 300 and 400 employees and indirectly giving employment to almost as many more.

But the tariff on storage batteries and the customs regulations governing the application of such tariff were not sufficient to reserve the home market principally for companies manufacturing in Canada. Two other branches of United States storage battery manufacturing concerns were located in Canada within the past year for the purpose of assembling batteries here, but the major part of the work has been done by labor in the United States and only a very small part of the materials used have been Canadian. The tariff at this stage had attracted one storage battery company to Canada to do a manufacturing business, and two others to assemble batteries here. Additional employment had been provided in Canada, but prices were higher than in the United States, because the Canadian tariff was not high enough to reserve the Canadian market for goods manufactured in Canada. Storage batteries from the United States were imported in large quantities at invoiced values which represented practically cost of manufacturing in the very large quantities in which such goods were turned out in plants in the United States. The company which had located a plant in Canada to manufacture batteries was obliged to meet such prices, but in order to do so had to sell in many cases below the cost of production because the customs regulations made Canada a dumping ground for batteries produced in the United States by manufacturers who used this market principally as a means to swell their quantity output, but without giving any employment to Canadians, paying taxes in this country or, indeed, having any thing at stake in the Dominion.

The amendment to the Customs Act at the last session of the Canadian Parliament effected an important change. An Act which was assented to on June 4, 1921, provided that the value for duty of new or unused goods was in no case to be less than actual cost of production of similar goods at the date of shipment directly to Canada, plus a reasonable profit thereon. The same Act provided that the duty should be assessed on the equivalent in Canadian funds of the invoiced value, and the result has been a substantial strengthening of the Canadian tariff. In effect, notice was served that storage batteries could be manufactured in Canada and that factories manufacturing in Canada would be protected against irregular and unfair competition from the United States. Ten United States manufacturers of storage batteries, who formerly were dumping their goods into this country at practically the cost of production, now are unable to do so. By this time, the single Canadian storage battery concern, with the co-operation of other Canadian producers, had attained to a position where it was obtaining from Canadian sources practically all its supplies and the duty on oxides which it imported represented only an insignificant item in the cost of production. With the Canadian market assured to the plant or plants producing storage batteries in this country, the company estimated that it could double its sales, and on August 1 reduced all its prices to the level of prices in the United States. The two price lists are now identical, without taking any account of exchange: indeed, a person from the United States can now buy batteries more cheaply in Canada, because he can change his United States money into Canadian currency, saving the premium, and buy a battery with Canadian money at the same price he now has to pay in the United States in United States funds for an identical product. The company, moreover, has definitely adopted the policy of selling its products in Canada at prices no higher than the prices for the same goods in the United States. This course would have been utterly impossible had it not been for the strengthening of the tariff, which made it possible for the plant manufacturing here to produce more economically by reason of increased output. The company is allowing the same discounts to dealers and distributors as were formerly in effect and the strengthening of the Canadian tariff has made possible a definite reduction of 20 per cent in the price of storage batteries to the Canadian users, besides providing employment in Canada and an annual expenditure within the Dominion of more than $1,000,000 in wages, payments for supplies, etc. Although the new regulations only became effective on June 7, official trade reports show that in June, 1921, only 2765 storage batteries were imported into the Dominion as compared with 15,885 in June, 1920. Still further curtailment of imports is expected as the new regulations become fully effective.

The Canadian tariff does not find its justification as a means of enabling manufacturers in this country to advance the prices of their products, but it is needed to assure the home market for the products of Canadian workers in Canadian plants. By so reserving the home market, the tariff not only will provide employment but it will enable Canadian producers so to increase their output as to reduce unit costs and make it possible for them to sell to the public at the lowest possible prices. Moreover, as in the case mentioned above, it will help to build up primary, as well as secondary, industries, making this country independent to an increasing extent of imported supplies and making it possible for goods to be produced and sold in Canada at reasonable and moderate prices.

Evidence is accumulating of efforts to ship German goods into Canada at illegally low valuations in violation of the Canadian Customs Act. Many industries in the United States have suffered seriously and much unemployment has resulted from increasing exchange-aided importations of German merchandise. Some businesses there, have been practically destroyed and a number of large manufacturing plants, unable to meet German competition under present exchange conditions, have been forced to close. During the fiscal year ended June, 1921, German merchandise to the value of $90,773,014 was imported into the United States, as compared with a value of only $944,981 for the fiscal year 1918-19. It will be remembered that at the last session of the Canadian Parliament, an amendment to the Canadian Customs Act, designed as a reasonable protection to Canadian manufacturing companies against exchange-promoted importations from overseas, provided that in valuing importations for duty purposes, no depreciation of foreign currency should be recognized in excess of 50 per cent. Yet for the three months ended June, 1921, no less than $524,779 worth of German goods were imported into Canada, this value comparing with less than half that amount for the corresponding period of 1920 and with only $1,369 for the period April-June, 1919.

The par value of the German mark is 23.8 cents and under the Canadian Customs Act the invoiced price and fair market value of German goods, stated in marks, now must be converted into Canadian currency at the rate of 11.9 cents to the mark. There is reason to believe, however, that plans have been developed for the shipment of German goods into Holland, subject only to an import duty of 5 per cent, and for their re-shipment to Canada as products of the Netherlands and with invoices made out in terms of Holland currency. The only additional cost is the small customs duty imposed by Holland and the fee of the broker in Holland whose services are required. The florin of Holland is valued in Canada at slightly over 35 cents as compared with a par value of about 40 cents, so that the 50 per cent limitation on exchange depreciation does not apply. Under this plan, which probably already is in operation, goods could be shipped to Canada at prices based on the low cost of production in Germany and with practically the full advantage of the depreciation of the German mark. It is reported that offices are being opened in Holland for the specific purpose of handling German goods intended for Canada and invoicing them to Canada as goods of Holland origin. An amendment to the Canadian Customs Act requires the name of the country of origin to be stamped on imported goods, but this regulation will not become effective until January 1, 1922. Even then, the Canadian regulations can be evaded unless some efficient means of investigating complaints and checking up attempted evasion is instituted. Canada should keep in Europe Customs Department representatives to investigate such practices thoroughly and leave no opportunity for evasion of the Canadian customs laws. Such representatives have long been needed, as under present conditions Canada is without any direct means of confirming fair market valuations on imports from overseas or in checking evasion of the Canadian Customs and tariff regulations.

It is understood that a recommendation has been made to the Cabinet Council for the appointment of such representatives and it is to be hoped that the necessary action will be taken. Under present conditions of unemployment every reasonable effort should be made to stimulate Canadian industrial activities and improve the labor market. The experience of the United States constitutes a significant warning to Canada of the menace of imports from the cheap labor, low-exchange countries of Europe.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 117 TORONTO, CANADA September 21, 1921.

FOR RELEASE upon receipt

The interests of 600,000 Canadian workers, of their 2,000,000 dependents, and of great elements in the population who depend for their prosperity upon the expenditures of labor and industry in the Dominion, are menaced by the expressed determination of class groups in Canada to destroy the tariff and introduce reciprocity and free trade as the country's fiscal policies. The best minds in the labor movement are alive to the situation, but every effort is being used to conceal the true issue from the great body of workers. Mr. Tom Moore and Mr. P. M. Draper, President and Secretary-Treasurer, respectively, of the Trades and Labor Congress of Canada, know the true situation. "The development of Canada and the establishment of an ever-improving standard of living are the immediate concern of every citizen," they told the Tariff Committee at its final hearing in Ottawa, "and we are convinced that this would be impossible of accomplishment under a system of free trade unless, and until, the whole world adopted free trade and an equal standard of living which are as yet outside the realm of practical affairs.

"Canada is placed in the centre of competition. To the south, the United States with its huge and fully-developed industries turning out products in mass and with a great home market fully protected to supply; to the east, the workshop of the world, Great Britain, with a century of industrial development behind her and numberless workers whose wage standard was far below that which Canadian workers should be expected to accept; while to the west, the Orient, with its hordes of cheap laborers able to flood our market at any time, if there were no bars against them."

Mr. Moore and Mr. Draper spoke for labor as a whole, but all over the Dominion there has been individual testimony to the truth of their argument. Mr. J. T. Foster, President of the Trades anb Labor Council of Montreal, has said for his organization: "We are fully aware of, and widely awake to, the fact that we depend for our existence upon the development and expansion of the Canadian industrial establishment. We consider it our heritage, our inalienable 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 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."

Labor representative after labor representative appeared before the Tariff

Committee in its hearings all across Canada, and urged the retention of adequate protection in the interests of their own wages and employment. The Toronto Typographical Union has a membership of over 1300, practically 100 per cent of the printers of Toronto, "whose livelihoods as well as those of their families," their representative told the Tariff Committee, "are dependent upon the prosperity of the printing industry." And that Union asked not only for adequate protection, but for all possible safeguards "to prohibit the wholesale flooding of the Canadian market with cheaply produced foreign product."

When Mr. Sullivan, the business agent of Toronto local No. 28, International Brotherhood of Bookbinders and Bindery Women Workers, appeared at the same hearing, he urged that at least the present tariff should be retained or that if any change were made it should be increased. Mr. R. J. Kirk, representing the British Imperial Association of Earlscourt and the workers of that district, was a mechanic working in a brush factory, a branch of an industry located in Newark, N.J. The wages in brush factories in Japan, he told the Committee, are forty-five cents a day. "I do not see how we can compete with them without a tariff. I have a stake in the country. I have raised children. We feel we are glad to get employment that enables us to keep our families going."

All over the Dominion there is a wealth of similar evidence of the necessity of adequate protection in the interests of Canadian workers, evidence of practical men concerned to maintain their standard of living and to retain their jobs in Canada. They have no patience with theories that even free trade advocates themselves admit would mean, if put into practice, dislocation of Canadian business, wide-spread unemployment, and distress.

The change from protection to free trade, says Dr. F. W. Taussig, of the Department of Economics of Harvard University, appointed Chairman of the Tariff Commission by President Wilson, and formerly an out and out free trader, 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."

Wool and textile workers remember the time when extreme tariff concessions under British preference closed seventy-five per cent of the Canadian woolen mills and nearly destroyed the industry. When the Tariff Committee appeared at St. John, N.B., workers with long memories came before it urging effective protection for the textile industry and arguing that the prosperity of whole communities would be greatly affected if low tariff closed the mills and created wide-spread industrial unemployment.

Mr. R. Buchanan, a machinist of Hamilton with twenty years' experience, appeared before the the same Committee on behalf of "those who are dependent upon practical employment." "I believe," he said, "that if anything should be done to put us back to the first years of my experience in this country by means of a low tariff, it would be disastrous." So, Mr. L. Lancaster, of St. Mary's, master workman, with no theories to affect his practical vision, urged that any change in the tariff affecting manufacturers was bound to affect workers. He appeared for the industrial workers of the community. "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 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 tend 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."

Only a short time ago, nine Canadian companies were manufacturing tractors. They were put on the free list. Between February, 1918, and June, 1920, close to 22,000 farm tractors, valued for Customs purposes at approximately $22,000,000, were imported into Canada. If these tractors had been made in the Dominion, employment would have been provided for 10,000 men and at least $10,000,000 would have been distributed in wages. Now it is proposed to put all farm implements and machinery on the free list! Mr. Thomas Findley, President of the Massey-Harris Company, in a public statement which he gave to the press on September 7, said:-

"My opinion is that free trade in implements means the inevitable shifting of the manufacture of Western Canadian implements from Ontario and Quebec to the Western Middle States. If there is to be neither tariff or sentimental preference to offset the geographical handicap, we shall be forced sooner or later to establish ourselves on equal terms with our competitors. So far as my company is concerned, we are not going to lose our Western Canadian trade, even if to retain it we have to build another factory in the Western States. Therefore, our workmen, other industries which furnish us with materials, and those generally dependent upon them, are much more vitally interested in this matter than we are."

What will happen to agricultural machinery workers under free trade? What will happen to woolen workers under free trade? What will happen to workers in industrial occupations all over Canada? There are thousands of men in the ranks of Canadian labor who have lived all their lives in the Dominion, brought up their families in the Dominion, have their own homes and their established positions in Canadian communities. They remember the days before Sir John Macdonald gave Canada the National Policy, and the protectionist debates of the 70's when it was estimated that at the lowest calculation 80,000 Canadians a year were forced to leave the Dominion for the United States in search of work. In 1881, Canadian manufacturing industries employed less than 255,000 hands. In 1901, they gave employment to over 308,000. In 1915, 515,883 workers were finding employment in Canadian plants. In 1918, over $3,000,000,000 was invested in Canadian industries and they gave employment to more than than 600,000 workers. How many workers want to go back to the days of the 70's when labor was a glut on the market, when industries were closed or partly closed, when men had to seek outside of Canada for employment to provide livelihoods for themselves and their families? How many workers want to go to the United States again for jobs instead of bringing United States capital and United States branches over to Canada to strengthen the Canadian labor market? At the present time there are over 550 United States branches in Canada employing some 87,000 people. They have come because of the tariff. Mr. Chas. M. Thompson, Manager of the Brantford Roofing Company, appeared before the Tariff Committee on behalf of his own and five other companies. With one exception all the companies were branches of United States firms. They agreed that the protective tariff had been the primary factor in the development of their industries in Canada.

Toronto has 140 American branches; Hamilton, 53, employing nearly 12,000 hands and with a total payroll of over $16,500,000. Mr. W. W. Sands, the Secretary of the Kingston Industries Committee, told the Tariff Committee that he regarded the tariff as the most important consideration in securing location of American branches in Canada. Welland claims the largest per capita growth in the Dominion in the past nineteen years. It attributes its growth to industrial development. Of its eighteen industries, no fewer than thirteen represent or originally represented American capital. And so it is in centre after centre all over Canada. Do Canadian workers in such branch plants want to see free trade in Canada which will close such branch factories and destroy their jobs?

All over the Dominion urban and rural expansion and prosperity has been stimulated by industrial development--little towns like Acton, Huntsville, Bracebridge, and Burk's Falls, for instance. In 1916, Amherstburg was practically only a country village with three small industries employing 40 or 50 men and paying only some $60,000 in wages. Brunner, Mond Canada, Limited, assured protection for their product, decided to establish a great plant there. Since Brunner Mond came to Amherstburg, Mr. Cudy, Manager of the Imperial Bank there, told the Tariff Committee, "our savings deposits have increased 81 per cent and our commercial deposits 310 per cent." Since the establishment of that factory, Dr. W. F. Parke, Mayor of Amherstburg, told the Tariff Committee, Amherstburg's assessment has increased from $885,000 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 requires at least fifty additional houses. Land values have increased very much. The whole municipality is making splendid and rapid progress.

Look at the development of Stratford among the smaller cities in the Dominion, of Dunnville and Haldimand County, of Waterloo County, and other areas in Canada where there is a proper balance between agriculture and industry, and the history of those communities is one of better markets for farm products, higher prices for farm lands, of industries giving employment to thousands of workers, and of balanced healthy development and prosperity. To introduce reciprocity and free trade is to close many factories, put others on half time, drive out American branches, create unemployment, reduce farm values and market activities, and to interrupt the progressive expansion of years.

Free trade and reciprocity are as much opposed to the interests of the Canadian worker as to the interests of any other element in the Dominion. Unemployment and business depression affect industrial workers first. They bear heavily upon them and more heavily upon their women and children. Economic theories will neither provide jobs nor wages. If the worker is to have both without any abrupt and disastrous interruptions in industrial activity, it must be through a continuation of the National Policy which has built up Canada.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 118. TORONTO, CANADA November 2, 1921.

FOR RELEASE upon receipt

Some controversy has developed recently with regard to how the present Canadian tariff compares in respect of the general level of duties with the so-called Laurier tariff. It is not possible, of course, to gauge the measure of protection entirely by the average rate of duty on total importations, or even by the average rate on dutiable goods. The United States tariff of 1913 continued high duties on those articles for which protection was most needed, along with reduced revenue duties on many other commodities and no duties at all on certain commodities in respect of which the United States, with its highly developed mass production, had no occasion to fear world competition. The general character of the Canadian tariff has, however, been continued for a considerable period of years and for this reason a comparison of average ad valorem rates of duty for various years is of some significance. These rates are as follows:-

	Average Ad Valorem Rate of Duty on -	
Fiscal year	Dutiable Imports	Total Imports
1877-78	21.4%	14.2%
1879-80	26.1	20.2
1884-85	26.1	19.2
1888-89	31.9	21.8
1889-90	31.0	21.4
1894-95	30.5	17.8
1895-96	30.0	19.2
1896-97	30.0	18.7
1897-98	29.7	17.5
1904-05	27.8	16.7
1905-06	27.0	16.4
1907-08	26.7	16.5
1909-10	26.8	16.5
1910-11	25.9	16.2
1911-12	26.1	16.8
1912-13	26.1	17.1
1913-14	26.1	17.3
1914-15	27.4*	16.8*
1915-16	27.2*	15.5*
1916-17	23.8*	13.0*
1917-18	21.5*	12.1*
1918-19	21.5*	12.3*
1919-20	22.5*	14.7*
1920-21	21.2+	14.5+
Six months' period, April to September 1921, inclusive	23.3	15.7

*These figures are exclusive of war tax, which was introduced in 1915. That tax applied on a very small part of the importations in the fiscal year 1914-15, and on importations of all goods not exempted in the fiscal years 1915-16, 1916-17, 1917-18, 1918-19, and 1919-20. The tax was repealed, effective May 19, 1920.

+The average ad valorem rates of duty as indicated above, for the fiscal year 1920-21, include between two and one-half and three million dollars of sales tax receipts, and if this amount were deducted the rates would be slightly lower. The sales tax applied on importations during April and part of May of 1920.

The Regina Morning Leader attempts to prove that the present average rate of duty is much higher than that shown above. It says: "On top of an average customs duty of 21 per cent, the sales tax of 4 per cent has been clapped on to all imports, which immediately brings the customs collections up to 25 per cent." The statement is incorrect. A manufacturer importing raw material to be used and incorporated in or attached to his finished product, or importing goods to be resold by him in the condition as imported, must pay a sales tax of 2½ per cent. The 4 per cent sales tax on imported goods applies only to importations by retailers or consumers. As very considerable quantities of raw materials and semi-manufactured goods are imported for further manufacture in Canada, the 2½ per cent rate is applicable on a large volume of importations. The domestic sales tax applies, of course, when Canadian manufactured goods are sold to the consumer, but the direct sales tax on importations is as stated. It should be noted, however, that the sales tax on imported goods does not represent a protection to the Canadian manufacturer, but it is simply a revenue levy designed to equalize the sales tax on imported goods and goods of domestic manufacture. A Canadian manufacturer importing machinery or other factory equipment must pay 4 per cent sales tax thereon. On imported raw materials or semi-manufactured goods for use in his products, he must pay a sales tax of 2½ per cent. Manufacturers purchasing in Canada from other manufacturers materials to be used in their products are required to pay a sales tax of 1½ per cent. On purchases in Canada of plant equipment the sales tax of 3 per cent is charged. In addition to the sales tax on raw materials and manufacturing equipment, which, of course, is a factor in the cost of production of goods in Canada, there is a sales tax of 1½ per cent on sales by manufacturers to wholesalers, or 3 per cent on sales by manufacturers directly to retailers, and a tax of 1½ per cent on sales by wholesalers to retailers or consumers. It must be apparent, then, that the sales tax as applied to goods produced in Canada is cumulative in its effect, while the sales tax on importations by retailers or consumers is paid once and only once The cumulative sales tax levies on goods of domestic manufacture offsets the sales tax as applied to imported goods and the latter does not represent any protection - or at most a negligible fraction of 1 per cent protection - to Canadian producers. To attempt to construe the sales tax applied on importations as protection to Canadian manufacturers suggests a misunderstanding of the facts.

Again, The Leader says: "On goods imported from the United States, which accounted for 69 per cent of all imports into Canada last year, additional rates have been imposed until today the Government is collecting at its customs barriers along the international line, approximately 20 per cent more than was shown on the face of the tariff schedules. Add 20 per cent to 21 per cent and you have an average customs rate on 69 per cent of Canada's imports, of 41 per cent."

We presume that The Leader is referring to the reasonable practice of charging the duty on the Canadian equivalent of the fair market value in the United States. At the present time this means an increase in valuation for duty purposes of less than 10 per cent and The Leader is stretching the truth when it represents such addition as "approximately 20 per cent." If duty has to be collected in depreciated paper money, surely it is right that ad valorem rates of duty should be based on valuations in terms of the same money as that used for payment of customs dues! It is not fair to value goods on a gold basis and to allow payment of ad valorem duties in paper which is at a discount as compared with gold. Moreover, it is absurd to suggest that the rate of duty is increased in the way in which The Leader figures it. Taking, as does The Leader, the average ad valorem duty at 21 per cent and even assuming that United States money is at a premium of 20 per cent, the effective rate would be not 41 per cent of the fair market value in the United States as stated by The Leader, but only six-fifths of 21 per cent, or about 25 per cent. With exchange at only 10 per cent or less, as it is at the present time, the effective rate would only be 23 per cent. But it is not logical in computing the average ad valorem rate of duty to make any addition whatsoever on account of exchange, for the reason that the Canadian dollar and the United States dollar are two entirely different currencies, just as the German mark and the Canadian dollar are distinct currencies. No fair means can be found of representing that the average ad valorem rate of duty on dutiable imports into Canada for the fiscal year 1920-21 was more than 21.2 per cent, or that it exceeded 23.3 per cent for the first six months of the current fiscal year. This compares with a rate of from 25.9 to 29.7 per cent while the Laurier tariff was in force.

CANADIAN RECONSTRUCTION ASSOCIATION

INFORMATION SERVICE

No. 119. TORONTO, CANADA November 9, 1921.

FOR RELEASE upon receipt

Probably the strongest objection of the great majority of those who honestly oppose a protective tariff is based upon the belief that prices in the protected country are increased by the full amount of the import duty. It is often charged that Canadian manufacturers whose goods are protected by the tariff against competition from abroad, fix their prices at, or slightly under, the prices abroad plus transportation charges, plus the duty. As applied to Canadian industry generally, this charge is grossly untrue and unfair. As a rule, and in the case of the products of most Canadian industries, manufacturers' selling prices in Canada are no higher than those in the United States or elsewhere for similar goods, except to the extent that costs of production may be increased by revenue duties on raw materials and semi-manufactured commodities which have to be imported because they are not yet obtainable in this country. In numerous cases prices of manufactured goods actually have been lower in Canada than in the United States.

In Western Canada particularly, but recently in Ontario as well, the so-called "Cradle to the Grave" tariff argument has been preached by those opposed to the principle of tariff protection. Leaflets embodying the story have been distributed widely. The tale was told to the Tariff Commission during its sitting at Brandon, Manitoba, the narrator being Miss Mabel Finch, Secretary of the United Farm Women of Manitoba, who appeared on behalf of the Manitoba organization and also the Women's Section of the Canadian Council of Agriculture. Miss Finch proceeded to list the purchases from the cradle to the grave, starting with the expenditures incurred in connection with the birth of an infant on the Prairies, following the child through babyhood, boyhood, youth, manhood, matrimony, parenthood, death and interment, and computing for each stage the purchases by, or on behalf of, such person. Miss Finch took certain prices of commodities in Western Canada, assumed that those prices were higher than prices in the United States by the full amount of the tariff duty, and built up a lengthy argument intended to show that the tariff was excessively burdensome on the agriculturists of Western Canada.

The only fault with the story was that it was not correct. Under questioning by Sir Henry Drayton, Miss Finch admitted that she knew practically nothing about either the Canadian tariff or prices in the United States; that in specific cases she did not know that prices were higher in Canada by the full amount, or by any definite part, of the duty; and in a few instances where she had information as to prices in the United States, she had taken the prices quoted by a wholesale establishment in the United States to compare with those of a retail establishment in Canada. Moreover, she had no actual knowledge of whether the goods which she compared were comparable. Her evidence, under questioning by Sir Henry Drayton, is sufficient to discredit the entire "Cradle to the Grave" story. Miss Finch complained about the duty on lumber used in the building of a shack: she was informed that there was no duty on importations of lumber dressed on one side and that lumber dressed on both sides would hardly be used for such purpose. She referred to the cost of flour, but admitted that she did not know that flour was admitted free of duty from those countries which did not impose import duties on Canadian flour. She mentioned cement as costing somewhat more in Canada than in the United States and held the tariff responsible, but she was told that cement was moving from Canada to the United States in large quantities on account of the higher prices then prevailing south of the boundary. Miss Finch thought that there should not be any protection "on the things that enter into the necessities of the home," but the only articles on the free list which she could suggest as proper commodities for imposition of duty were diamonds and grapefruit. The latter has since been made dutiable and, principally, for administrative reasons an import duty on diamonds is practically impracticable.

The story related to the Tariff Committee by Miss Finch recently has been "rehashed" in The Farmer's Sun, and in this case is put forward under display headlines sponsored by Miss Agnes C. MacPhail, U.F.O. candidate for South East Grey. The Sun tells us that the "Tariff early lays its grasp on Canadian people - holds firmly until the coffin is paid for - adds $6,979.44 in one man's lifetime to give his four children a flying start." Miss MacPhail's story, like that of Miss Finch, represents nothing more than faulty deduction from an untruthful assumption. The assumption is that prices are higher in the country which maintains a tariff, by the full amount of the tariff duty.

Miss MacPhail averages the duty on wearing apparel at 30 per cent and assumes that Canadian prices are higher than prices elsewhere by the full amount of the duty. She neglects to state whether she is comparing Canadian prices with prices in Canada or with prices in the United States, but, whichever country she takes as a basis, the fallacy of her argument can be proved with as much ease as Euclid, of geometric fame, demonstrated by his "reductio ad absurdum" process the incorrectness of some of the assumptions which he tested. During the eight months ended August, 1921, the United States exported cotton manufactures to the United Kingdom to the value of $1,452,748. Great Britain has no tariff on cottons, but Miss MacPhail and those whom she represents would consider such imports as proof that prices in the United Kingdom were approximately as high as those in the United States. During the same period, the United States imported from the United Kingdom nearly $8,000,000 worth of cotton cloths and other cotton manufactured goods, representing a still higher valuation. The United States maintains a tariff against imported cottons ranging up to 40 per cent. In the case of ready-made clothing and articles of wearing apparel, the rate of duty is 30 per cent and, on Miss MacPhail's assumption, prices of such cotton goods must be 30 per cent higher in the United States than in Canada. The duty on manufactures of cotton imported into Canada from the United States is 35 per cent so that if Miss MacPhail's assumption be correct cotton goods must be 35 per cent higher in this country than they are in the United States. Canada also imports cotton goods from the United Kingdom and manufactures of cotton, n.o.p., admitted under the British Preferential tariff, are dutiable at only 25 per cent. Moreover, we find that during the four months ended July, 1921, Canada exported cotton and cotton products to the United Kingdom to the value of $20,275, and to the United States to the value of $260,164. From Miss MacPhail's argument we are led, then, to the following conclusions:

1. That cotton prices are no higher in the United States than they are in the United Kingdom.
2. That cotton prices are 30 per cent higher in the United States than they are in the United Kingdom.
3. That cotton prices are 35 per cent higher in Canada than they are in the United States.
4. That cotton prices are no higher in Canada than they are in the United States.
5. That cotton prices are 25 per cent higher in Canada than they are in the United Kingdom.
6. That cotton prices are no higher in Canada than they are in the United Kingdom.

We believe that Euclid, or any other logical analyst, would conclude that these deductions are inconsistent and that the assumption from which they are drawn must be incorrect.

But consider from another angle Miss MacPhail's contention that the cost of clothing is 30 per cent higher in Canada than elsewhere! The Grain Growers' Guide in its issue of October 5, in a grossly unfair attack on the cotton manufacturing industry in Canada, said:

> "A correspondent of The Winnipeg Free Press, who appears to be in the textile business, states that he received from a Lancashire mill a quotation

of 15 cents a yard for a staple cotton fabric, f.o.b. Liverpool. With duty, sales tax, freight and exchange, allowed for, the price delivered in Winnipeg would be 20½ cents a yard. A Montreal firm submitted a price of 18 cents a yard f.o.b. Montreal, which would mean about 18¼ cents delivered in Winnipeg."

The Canadian Reconstruction Association does not know whether the fabrics offered by the two sellers were of the same quality, nor are the conditions of delivery in each case stated. Even if the quotations were correct, it is evident that the reported Canadian price would be considerably under the price abroad plus transportation charges, plus duty. Moreover, in making this comparison it should be recognized that the quotation from the Lancashire mill is considerably lower as a result of the exchange situation than would be possible if the British manufacturer did not have an exchange advantage in selling on this continent.

Miss MacPhail estimates that her hypothetical man would buy certain implements, harness, tools, a Ford automobile, hayloader, etc., representing a cost of $2,030.50 and that thereon he would pay duty amounting to $416.72. This would represent an average duty of less than 25 per cent, but Miss MacPhail is careful not to say anything about the tariff items in respect of which the farmer has been given special concessions and been permitted to import from abroad without payment of any customs duty. These goods include such articles as farm tractors, valued at not more than $1,400 in the country of manufacture, and parts thereof; binder twine; lumber dressed on only one side; cream separators; etc. The suggestion that the prices of agricultural implements are higher in Canada than in the United States by the amount of duty is misleading. Before the war the Canadian Government made an investigation and the findings were announced in the Canadian Parliament in April, 1914, by Sir Thomas White. A somewhat similar investigation was made by the Canadian Reconstruction Association a short time ago. Both inquiries showed that the Canadian price was not, as sometimes has been alleged, the United States price plus the duty. In some instances agriculturists in Manitoba may pay slightly more than is paid by farmers directly south in the United States, but this is not true of farmers generally in Western Canada. West of Manitoba, farmers buy binders at lower prices than do agriculturists at places directly south in the United States and Canadian farmers generally purchase their machinery more cheaply than do the agriculturists in any other country in the world. The findings in these investigations have never been successfully challenged by, or on behalf of, the Western agriculturists. The Regina Leader did make a feeble and half-hearted attempt to question them, but its own lack of information on the subject was indicated by the fact that it attempted to explain, as due to price enhancement by the tariff, an alleged difference of $22 between the retail price of a cream separator in the United States and Canada, when, as a matter of fact, such separators were and still are admitted into Canada duty free.

The Canadian Reconstruction Association demonstrated recently that aluminum kitchen utensils of Canadian manufacture were of as good quality as, and no higher in price than, comparable utensils as sold in the United States. Copies of a report in reference to such investigation will be sent without cost to any one who asks for it. Miss MacPhail tries to make her readers believe that the Canadian prices of boots and shoes include a duty of 30 per cent: the statement is entirely at variance with the facts. Canadian agriculturists are buying footwear at as low prices as are farmers of the United States and the made in Canada footwear is even better in quality. If, despite this statement, Miss McPhail is still convinced that Canadian prices of boots and shoes represent United Sates prices plus duty, it would be interesting to have her ask the opinion of the delegates of the National Council of Women, who were appointed a year or so ago to compare the quality and prices of Canadian and United States footwear. One of these ladies said that not since she was 13 years of age had she worn anything but United States shoes, yet from carefully matched footwear actually taken from retailers' shelves both the delegates selected the Canadian shoe every time as the more attractive and desirable, and found that in every case the Canadian shoes were from two to five dollars per pair lower in price.

Miss MacPhail's statements in respect of other articles are contrary to the facts also and an abundance of definite evidence to this effect was produced at the hearings before the Tariff Committee last Fall and Winter. In the face of such evidence and the unwillingness of some people to heed it, one is reminded of the indictment, ". . . eyes have they, but they see not; They have ears, but they hear not."

The truth is that the duty does not enter into computation of prices of most Canadian articles and that such prices are determined by actual cost of production and regulated by competition. Indeed, if any criticism in this connection may fairly be brought against Canadian manufacturers it is that in most cases they do not keep informed of prices abroad and consequently are not in a position to reply to the untruthful charges which are made by those opposed to industrial development. Take, for example, the furniture industry, with something like 238 factories in Canada. Does anyone seriously believe that these factories are holding up prices to the level of prices abroad plus duty? The thing is unthinkable, and actual investigation has shown that for a period of six years the principal furniture manufacturing plants in Canada averaged a net profit of less than 2½ per cent on their net investment, and only about 3 per cent on their total sales.

In general it may be said that the prices of products of well established Canadian industries are not higher than the prices of comparable commodities in the United States, except as in some cases they are raised by revenue duties on imported raw materials and semi-manufactured goods of a class or kind not yet obtainable in the Dominion. And let it be remembered that such duties are essentially for revenue rather than protection, and if the revenue were not provided in this way it would have to be secured by higher direct taxation and new means would have to be found to collect increased taxes from the Canadian people, including the agriculturists, who are not now paying income tax proportionate to their wealth or numbers.

Miss MacPhail concludes her highly imaginative story with a reference to the high price of coffins and tombstones in Canada. There may be some persons in Canada who have come from the United States and who hold so unreasoning a prejudice in favor of goods of United States production that they will not consent to be buried in a Canadian-made casket or have a tombstone of Canadian marble erected to indicate the resting place of their mortal remains. It is true that if persons insist upon buying imported goods, they must expect to pay the price abroad plus duty in all cases except those -- unfortunately too common -- where goods made in the United States or elsewhere are "dumped" into this country, possibly within the letter but at least in violation of the spirit of the Canadian dumping law. But those persons who are willing to buy Canadian goods if the quality and price are satisfactory and to give reasonable encouragement to Canadian industry and Canadian workers, can in most cases supply their wants at reasonable prices. Tombstones of Canadian marble are as low in price as are comparable tombstones in the United States, but if one insists on having Vermont marble on which an import duty has to be paid, the Canadian price is somewhat higher by reason of such revenue duty.

Miss MacPhail's argument and the "Cradle to the Grave" tariff story, in whatever guise or with whatever sponsor it may be issued, is based on an incorrect assumption and leads to conclusions which are gross and ridiculous perversions of the facts.