The Grain Growers' Guide

Winnipeg, Wednesday, November 27, 1918

The Dominion Government has fixed Sunday next, December 1, as a day of national thanksgiving for the success of the Allies.

The Farm Tractor Tax

There could be no plainer object-lesson proving that protectionism means organized injustice to agricultural industry than is furnished by the facts and figures about farm tractors. These facts and figures are set forth fully in the article, "Farm Tractors and the Tariff Tax," in this issue of The Guide. Here we have a stark naked case of what the tariff does to the farmer. It stands out definite and clear-cut and positive, beyond possibility of being either explained away or cloaked with a disguise of deceptive arguing.

For the promotion of increased agricultural production a wartime Order-in-Council was passed at Ottawa on February 8 last, decreeing that until February 8 next, the duty on tractors costing not more than $1,400 in the country of production should be refunded. The Order-in-Council, be it noted, did not do away with that duty. It simply authorized until February next the "remission and refund" of that duty, which is 20 per cent. plus the seven-and-a-half per cent. war tax—a total duty of 27½ per cent.

No sooner was the Order-in-Council passed than a delegation of manufacturers went to Ottawa in post haste and much indignation, and protested against any refunding of the duty on light tractors. They declared that thus to lay impious hands upon the sacred ark of protectionism would bring down retribution upon the State. Such sacrilegious interference with the National Policy (so called) would "destroy stability," they lamented, and "shake the confidence" of the manufacturers. In reply, it was pointed out to them that the manufacturing of tractors in Canada amounted to only a few hundred heavy tractors per year, much higher in price than the light tractors on which the duty is being refunded. Sorely aggrieved because, on their demand, the Order-in-Council was not immediately rescinded, the manufacturers have continued urging that demand upon the government. They are preparing now to move upon Ottawa in massed strength, to insist that the Order-in-Council be rescinded without any more delay.

The official figures of customs entries, given in the article in this issue of The Guide to which reference has been made above, show that during less than nine months of free entry, up to the 31st of last month, four times the number of tractors (and over twice the value) came into Canada than came in of all varieties during the preceding 12 months, and the saving to the farmers by the rebating to them of the 27½ per cent. duty amounted to $2,195,577. Dividing the total value of the light tractors that came in free of duty in those months by the number of them, we get $920.53 as the average value per tractor, and $253.15 as the 27½ per cent. duty which the farmer did not have to pay.

That $253.15 tariff tax is a millstone which the manufacturers who are doing their utmost to get the Order-in-Council rescinded, want the government to hang round the farmer's neck. It is not as if the light tractors were being made in Canada to meet the needs of agricultural industry. When this fact was pointed out to one of the delegations of manufacturers which waited on the government in regard to this matter, a Brantford manufacturer replied that "he had been preparing for some time past to embark upon the manufacture of light tractors, and had invested much capital in the enterprise, and was now faced with heavy loss." The Guide has no desire to be unjust to that manufacturer or to any manufacturer; though there are quarters in which The Guide is not given credit for any such desire that there should be equal right for all and special privilege to none—The Toronto News, for example, says:—

> The Grain Growers' Guide says: "The new era of reconstruction will bring out into plainer view than ever a fundamental truth which the Grain Growers' organizations have kept in view consistently as a guiding principle. This fundamental truth is that the wage earners of Canada and the farmers of Canada are mutually concerned in each others' welfare."
>
> If The Guide really believes this it will cease to advocate a demolition of the Canadian tariff which would close half of Canada's factories, throw half of her workmen out of employment, and drive them to the United States in search of a living.
>
> The farmers of Eastern Canada have long recognized an identity of interests with city wage earners. They have long realized that important domestic industries and large centres of population provide them with the best home market. They know that the fiscal system of moderate protection has rendered possible the development of native manufactures on a great scale. For that reason they always vote for the maintenance of the creative National Policy first introduced by Sir John Macdonald in 1878, and completely vindicated by 40 years of actual practice.

To return to the Brantford manufacturer, who complained that he had been preparing to make light tractors, the question that presents itself to every fair-minded Canadian is this: Assuming it to be established that it is in the interests of the national welfare that there should be governmental action to secure the production of light tractors in Canada, what should that governmental action be? In addition to the admission free of duty of all the materials needed in the manufacture of light tractors, which the organized farmers would all support, what else should be done?

Suppose the government were to say: "We will not impose a tariff tax on light tractors entering Canada, for that would be an injustice, as light tractors are necessities of agricultural industry; but upon the Canadian manufacturers of light tractors making a full and complete disclosure of all the books of their business, if the figures show that they are not making six per cent. a year on their capital invested, the shortage will be made up to them from the Dominion treasury, for a maximum period of, say, three years."

Would not that be a more justifiable policy than the imposing of a $253.15 tax on every $920.53 light tractor brought into Canada? Why should not a manufacturer asking for special privilege at the public expense be required to expose all the books of his business to the daylight of publicity? It would be interesting to have the answer of the Toronto News to these two questions.

Could there be a plainer object-lesson of what so-called National Policy protectionism does to the farmer than is furnished by this case of the light tractors? Could there be any stronger and juster argument for the need of more organization and co-operation among the farmers for justice and the common good—for increased membership of the Grain Growers' organizations and more local associations, and increased activity in them all for the furtherance of justice-seeking political action?

Incomes and Profits

In a recent issue of The Financial Post of Toronto, Mr. S. R. Parsons, past president of the Canadian Manufacturers' Association, repeats the statement that manufacturers are not making any more profit than farmers. In support of this contention he quotes a sentence from some literature published by The Guide to the effect that the average income of the farmer in the West is larger than the average income in the town or city home. Mr. Parsons immediately assumes that all the farmer's income is profit: therefore, the farmer must be tremendously prosperous.

As a business man, Mr. Parsons knows much better than this. If all the income of his own company, or of any other company, was profit, he and the other manufacturers would be billionaires within a few years. If all the farmer's income was clear profit, he would be rolling in wealth. But although the average income per farm in Western Canada is higher than the average income in city and town homes, it does not argue for greater profit for the farmer.

The city home consists of the house and furniture. Every farm is a manufacturing plant, requiring a large investment in land, machinery and livestock; and furthermore, the farmer is an employer of labor. Naturally, his income from all this investment is higher than the man whose whole equipment consists of his head and his hands. If it were not so, it would be impossible for farmers to carry on their work at all. But income and profit are two different things. It is quite possible (and, in fact, it happens very frequently) that a farmer's income from the sale of his grain and his livestock might be $8,000 or more for the year, and at the same time his actual loss might be $1,000, or considerably more.

Ten bushels of wheat per acre gives considerable income, but it doesn't give any profit whatever. The farmers of Western Canada produce every year an immense amount of wealth, but because of the high cost of everything they buy, and particularly because of the increased cost due to the protective tariff, the average margin of profit is very small. The protective tariff robs the farmer every year of profits to which he is justly entitled. That explains why the western farmer is antagonistic to the protectionist system.

The facts and figures regarding the farmer's incomes and profits are pretty well open to the world. The farmer has no secrets. Practically anybody can find out the real facts regarding farming. But, on the other hand, the manufacturers' profits are a sealed book. We get only general statements, such as Mr. Parsons makes. The few companies that publish their balance sheets, such a the milling companies, show absolutely fabulous profits. The other manufacturers should show their balance sheets also. It should be a law of the land that every incorporated company should be compelled to publish its balance sheet and profit and loss statement annually. We would then know what the public is entitled to know. The organized farmers should insist upon this publicity as absolutely essential. We would then know who is making the profits and who is not.

A Millionaire's Newspapers

Evidence in a recent lawsuit in Montreal has proved that the two English-language newspapers in that city, the Star and the Herald, are under the same ownership. The Herald, with a history as a Liberal paper