

### IMPORTANT INDUSTRY CRIPPLED

During the reciprocity campaign of last year one of the strongest arguments of those opposed to freer trade was the contention that the policy of protection prevents the export of raw material and encourages its manufacture into the finished product at home, thereby giving employment to Canadian labor on Canadian soil. If the facts were all known, however, it would be found that the opposite is true and that every industry which is suitable to this country could be carried on more economically and with better results under free trade than under protection. Great Britain, a free trade country, receives raw material from every country in the world, manufactures it and sends it out again often to the same countries as a finished article. Protected Australia for instance sends wool to England and buys English woollen goods, and the United States grows a great deal of the cotton which supplies the great mills of Lancashire, from which manufactured cotton goods are sent to all parts of the world. In a recent issue of *The Guide* it was pointed out that as a result of the free importation of wire rods the Dominion Steel Corporation had installed a new plant for the manufacture of wire rods into wire, nails and other finished products. The Canadian asbestos industry is a case where protection prevents manufacturing and causes the export of raw material and the importation of the finished product. It may not be generally known, but the greater part of the world's supply of asbestos comes from the province of Quebec. If Canada could use all the asbestos mined in Quebec a good stiff duty, while it would make asbestos products very costly to the consumer, would hold the Canadian market for Canadian manufacturers and enable them to make big profits. But Canada only requires about five per cent. of the asbestos which it produces and the balance must be exported. It would be to the advantage of this country if this could be manufactured in Canada and exported in a finished state. But under present conditions this is impossible. The high price of machinery and building materials, the high cost of living and the consequent high cost of labor leave the would-be manufacturer of asbestos products no chance of producing his goods in Canada and shipping them to other parts of the world. Instead, the raw material goes to England, Germany, Belgium, the United States and other countries where the cost of manufacturing is lower and then a portion of the finished product sufficient to supply Canadian requirements is shipped back again.

The asbestos industry also furnishes an excellent example of what our watered stock financiers can do with a legitimate business enterprise. The largest Canadian company engaged in mining asbestos is the Amalgamated Asbestos Corporation Ltd., which was formed in 1909 by the amalgamation of six hitherto independent companies, and which has an authorized capital of \$25,000,000, of which \$8,000,000 of 5 per cent. bonds, \$1,875,000 of 7 per cent. preferred stock and \$8,125,000 common stock has been issued. How much the promoters of the Amalgamated Asbestos Corporation paid for the six plants purchased or how much they made for themselves out of the deal history does not relate, but in the prospectus of the corporation issued in 1909 it was stated that in the preceding year the properties had made net earnings of \$556,000, an amount sufficient to pay the interest on the bonds and 7 per cent. on the preferred stock and to leave \$50,000 surplus. A rosy picture of the future of the merger was painted in the same prospectus and handsome profits on the common stock were predicted. It will be seen from this that the Amalgamated Asbestos Corporation was not exploiting a wild cat mining proposition but a bona fide producing industry with valuable natural resources to develop. As independent enterprises, operated

for the purpose of producing and selling asbestos, the plants were making good profits; now after being in the hands of the high financiers for three years, having gone through the merger process and absorbed the usual quantity of water, the business is not able even to pay interest on the bonds which are the first charge upon the profits. It is impossible to assist the production of asbestos for export by a tariff just as it is impossible to impose a duty which would increase the price of wheat in Canada. On the other hand the protection of other industries makes the manufacture of asbestos to a finished state on a large scale impossible just as it reduces to a minimum the profits of the Canadian Grain Grower.

### MORE DUTIES REDUCED

A reduction in the duty on about a dozen articles, and the abolition of the duty on nine others has been made by the Government by order-in-council. This looks like good news, but before the farmer throws up his hat and shouts hurrah at the prospect of getting some of the necessities of life a little cheaper, he had better glance down the list. It begins with "canes, reed or rattan, not further manufactured than split, when for use in Canadian manufactures." The list also includes celluloid, rubber, glass plates, a number of chemicals, some forms of iron and other metals, and also typewriters, ribbons and a considerable variety of articles, but the condition "when for use in Canadian manufactures" or "when imported by manufacturers" is attached to each and every item at the reduced rate of duty; any other person importing the same goods must pay the old and higher rate. The Winnipeg Telegram is authority for the statement that the reductions in duty were made at the request of the Canadian Manufacturers' association and that the association had been asking for this concession for some years in order to enable them to get cheaper materials. We see no objection whatever to a reduction in the duty on raw or partly manufactured materials, in fact we would like to see all our manufacturers have the advantage of being able to secure everything they need in their business from any part of the world duty free and at the lowest possible cost. We believe that this would do more to build up those manufacturing industries which are suitable to this country than the present policy of protection can do. But accompanying the reduction in the duty on raw material there should in justice to the consumer be an equivalent reduction in the duty on the finished product. If the duty on the finished product remains the same there will be nothing to guarantee a reduction in the price to the consumer, and consequently the reduction in the duty on the material will be of no advantage to anyone except the manufacturers. If the manufacturers get their materials cheaper and sell their goods for the same price, the cut in the duty will be a straight gift for them.

### PANAMA CANAL AND LAND VALUES

The following is an extract from an article on the Panama Canal which has been published in a number of Western papers:—

"What effect will the opening of the Panama Canal have on the price of Western farm lands? Each bushel of Alberta wheat will be worth approximately 8½ cents more than at present. Using the low average of 20 bushels to the acre, this means that the crop from each acre of wheat land will be worth \$1.70 more than at present. \$1.70 is ten per cent. interest on \$17.00. This casts some light on the probable rise in values."

This is an illustration of the claims made by the advocates of the Taxation of Land Values, that the only people who benefit by

public improvements and the progress of the age, are the land owners. By the Taxation of Land Values the increased value caused by a public improvement would go into the public treasury and would pay for the work. Under our present system the increase in value goes into the pockets of the land owners, the great majority of whom are speculators who do not work on the land and many of whom never even see it.

### WHAT DO WE WORSHIP

The present system of legislation in Canada, devised for the purpose of turning the wealth produced by the many into the coffers of the few, is educating the growing generation to a false standard of merit. In Canada today nearly everything comes to the man who has a great deal of money at his command. Money has come to be worshipped by all classes. If a street sweeper in any of our Canadian cities were suddenly to come into possession of ten million dollars inside of two years he would be one of the most highly important citizens and his opinion on any subject whatever would carry much weight. As soon as a man acquires wealth in Canada he is supposed to be a sage. There is no important subject up for discussion but that the opinion of those who have amassed wealth by Special Privilege is eagerly sought after and carefully weighed. It is this worship of wealth that encourages men to rob their fellow workers. The man who already possesses millions is more grasping than the man who is merely earning a living, and the governments are generally working for the men who have acquired more wealth than they know what to do with.

As a result of the investigations into the telephone situation in Manitoba the government has forced the resignation of the telephone commissioners. Sir Rodmond Roblin announces that a re-organization of the management of the telephone department will take place immediately. Let us hope that in the new organization the government will allow the telephone system to be managed on a business basis and will eliminate political interference.

The announcement that the new government terminal elevator at Fort William is to be ready for use by the close of navigation this year is probably an error due to little experience in elevator construction. A terminal of three million bushels capacity cannot be completed in that time and if it is ready a year from the present date that is the best that can be expected. There will be a big shortage in terminal capacity at the lake front this winter if present crop prospects are fulfilled.

The rapidly growing necessity for cement for construction purposes in the West is certain to prove too great for the capacity of present plants. Would it not be good sound policy for the Prairie Provinces to build provincial plants and supply cement at reasonable prices? The outlay would not be great and a profit would be certain. At the same time the cost of this necessity could be greatly reduced.

The appointment of Prof. S. A. Bedford to the position of Deputy Minister of Agriculture in Manitoba is a splendid one. The Department of Agriculture for many years has been very weak and has not by any means met the requirements of the province. With a man of such wide practical experience in Western agriculture as Prof. Bedford in charge of it the department should henceforth fulfil its proper functions.

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