

(e) There is another important group of economic facts which makes the adoption of the Royal Bank suggestions very desirable. The Tourist Trade is highly seasonal in character. Except for the one day holiday traffic at border points, a certain amount of convention business, and some winter tourist business in Ottawa, Montreal, Quebec and Vancouver Island, the great bulk of the tourist traffic comes between June 15th and September 1st. With the present traffic our capital equipment in roads, hotels, resorts, golf links, etc., is taxed almost to the limit in the peak-load months. It is generally agreed that it is practically impossible to stretch the main tourist season out any longer. If, therefore, increased tourist revenue is to be secured through the means now chiefly exploited there must be continued heavy increases in these capital expenditures, with attendant piling up of heavy overhead costs in the off seasons. Whereas, increased revenue along the lines suggested by the Royal Bank can be gained at once without any additional fixed capital expenditure, and without any appreciable increase in overhead costs.

The conclusion, therefore, is that fundamentally Mr. Neill's suggestion is sound. The goods, the people, and the purchasing power are all here.

2. *Certain objections that have been raised.*—(a) That neither the people nor the purchasing power is here. The facts given above show that this is not so.

(b) That merchants are already fully aware of this source of trade, and are already exploiting it fully. My survey leads me to the conclusion that this is true of only a few merchants in some of the larger centres and of a limited line of goods. Some of the better and more progressive merchants in such centres as Windsor, Sarnia, London, Hamilton, Toronto, Kingston and Montreal do have a valuable trade in linens, china, jewellery and woollens. But the majority of merchants are not awake to the possibilities that exist and concerted action is desirable.

I. To make it impossible for any visitor who casually inspects our shop-windows to miss having these goods brought to his or her attention.

II. To establish a tradition among American visitors that certain goods can be bought attractively in Canada.

(c) That any concerted effort to increase substantially sales of merchandise to visitors will be regarded with suspicion by the visitor, and that we will get a reputation for trying to exploit the tourist. The reply to this is that so long as the type of salesmanship is courteous, and so long as the prices are really attractive no possible grounds for resentment exist. No buyer can resent attractive purchases being brought to his attention by any courteous or ordinarily used means of merchandising.

(d) That tourists have only so much to spend, that they spend it all, and that this campaign would merely divert this expenditure to foreign goods. But the answer to this is that if a tradition is established they will bring more money, come more often and in greater numbers.

(e) That if goods are purchased by American visitors in anything like the suggested volume, that the U. S. Congress will repeal the \$100 exemption clause, and thus stop all purchasing in Canada. A reply to this can be made along either of two lines:

I. There is little evidence that any such substantial body of opinion would favour such a repeal. It is true that some American border associations of merchants have petitioned Washington to that effect, and that the question has been raised in debates. On the last occasion of such a debate the weight of opinion in Congress seemed to be in favour of raising the exemption to \$150 on the ground that the \$100 figure had been set in the light of pre-war price levels. The interests of 20,000,000 Americans who go abroad each year are likely to have at least as much weight with Congressmen and Senators as those of a few