

Protection; the Curse of Canada

(Fourth Article)

By J. A. STEVENSON

"The violence and injustice of the rulers of mankind is an ancient evil for which I am afraid the nature of human affairs can scarce admit a remedy. But the mean rapacity, the monopolising spirit of merchants and manufacturers who neither are nor ought to be the rulers of mankind, though it cannot perhaps be ended may very easily be prevented from disturbing the tranquility of anybody but themselves."—Adam Smith.

AS FAR as the agricultural interest of Canada is concerned the most burdensome and depressing item of the tariff is the duty on agricultural implements. This duty is so high and severe that it has enabled a few firms comprising a select ring of manufacturers in Eastern Canada to control the market and establish a most iniquitous monopoly. It has been proved that certain agricultural implements manufactured in Canada can be bought at least \$30 cheaper in Britain than in the Dominion itself. The implement combine practices the very dumping which it continually complains of on the part of American manufacturers. By means of the tariff it is able to raise the price in the whole market to an artificial level and to secure an export trade by dumping at sacrifice prices. Probably few people realize how beneficial free trade in agricultural implements would be in the West. It would mean a reduction in their cost of about 20 per cent. and this reduction might mean the possession of an extra binder or plow to numberless settlers. The possession of an extra plow or binder would mean an enormous increase in the acreage under cultivation and a tremendous stimulation of agricultural development. The ultimate effect would be to raise the price of land and the real estate market would certainly not be a loser.

The Woollen Tariff

Next in the greatness of its iniquity comes the woollen schedule. Up till 1900 there was a duty of 35 per cent. on foreign imports of woollen, with a preference of one-third of this in favor of British. There were, however, desperate protests from various manufacturers in the East and in response to their demands the tariff was raised to what is practically an average of 30 per cent. at which it stands today. Now, in a cold country like Canada woollens must rank as one of the necessities of life, and a tax on a necessity is the most unfair tax that can exist. In this case it is a body tax, and is in no way based on the ability to pay, which is the soundest basis of all taxation. Take the two contrasting cases of a bachelor who earns \$3,000 per annum and has only himself to clothe and a man with the same income who has a wife and six children to provide with clothes, blankets, carpets, etc. The tax falls on the latter man many times as heavily as on the former and their ability to pay is absolutely equal. It has been calculated that it would profit the people of Canada to pension off all the woollen manufacturers and keep them for life in comfortable hotels in Toronto and Montreal and give all their employees free homesteads, provided the country was allowed perfect freedom to buy its woollen goods in the open market. Cotton stands on exactly the same footing. Canada can never hope to compete with Lancashire and Yorkshire in the woollen and cotton industries, except at enormous expense. Like them she lacks the raw materials, but unlike them she does not possess the peculiarly suitable climate and the highly developed industrial instincts in her people. It is the most stupendous folly to subsidize at enormous expense industries which are unnatural to the country. It always pays to manufacture the raw material as near the scene of its production as possible, as the cost and extravagance involved in bringing the raw material for textile manufacturers to points in the interior of a country is enormous.

No Longer Infants

It is unnecessary to go into the details of other protected industries in Canada. They used to shelter themselves under the cry of infancy, but it no longer avails. There is nothing very infantile about the Dominion Steel Company, capitalized at \$35,000,000; the Nova Scotia Steel Company at \$10,000,000; the Dominion Textile Company at \$8,000,000; the Montreal

Textile Company at \$4,000,000 (both cotton corporations), and the Penman Company, a woollen concern at \$4,000,000. As a Liberal member, in the free trade days of the party, once said of them, "The infant industries are like the fatted calf—always sucking and they never will be weaned. You suggest a reduction to them and they look so lean and miserable that you would pity them from the bottom of your heart, but when they feel that the tariff is safe, they swell out to enormous proportions and display their carriages and footmen and their eyes stick out with greatness." Now that the plea of infancy is no longer available for these large corporations they have invented other excuses of which probably the most popular is to demand more protection to extend their export trade.

Hits The Farmer

If any article on which a duty is levied be the raw material of any other industry the raw material is made more expensive and the working cost of the industry is increased. The extra cost must be recovered by an increase in the price of the article manufactured which may possibly be the raw material of some other industry. And so on through the chain of raw materials and finished products goes the effect of increased prices and with it naturally a demand for further protection by the manufacturers who in turn are hit by the increased cost of their raw material and enlarged working expenses. For instance, iron is the raw material for agricultural implements and the duty on iron must increase the cost of the implement. Agricultural implements are part of the raw material of the wheat growing industry, and thus the cost of its production is increased. As the farmer forms by far the largest element in the community, the great burden of this progressive system of unfair taxation ultimately descends to his shoulders. The net result is that the farmer rises in the morning out of blankets taxed 30 per cent., puts on shoes and underclothing taxed at

the same rate; dons clothes taxed likewise; goes down stairs bought of taxed lumber and kindles his fire with matches on which 25 per cent. has been levied. When he puts on his boots he feels a tax of 25 per cent; when he puts on his cap, one of 50 per cent. He feeds and waters his horses out of pails taxed 40 per cent. He grooms them with brushes and combs on which he pays 50 per cent., and washes himself with soap on which he pays 20 per cent. He sits down to a table covered with old cloth taxed 50 per cent., and the crockery from which he takes his food has had to bear the same duty. Many things on his breakfast table are free from taxation, but sugar is not the sweeter for the 40 per cent. duty there is on it. The harness on his horses and the hitches on his plow and harrows are all equally taxed 40 per cent. His sleighs and buggy pay 25 per cent. and his axe the same. His mower and rake are both taxed 40 per cent. and his fork 25 per cent. When his day's work is done he cannot light his lamp without paying an enormous tax on his oil. This tariff taxation dates from his birth with the duty on his swaddling clothes and it pursues him with grievous burden throughout his life. But it is not content to let him escape even after death, for his coffin is taxed at the rate of 25 per cent. and his shroud at 30 per cent.

Monopoly Follows Tariff

This cruel doctrine of protection was originally invented and propagated by the spirit of monopoly, and monopoly has followed in its train wherever it has been safely established. A few years ago the Toronto Sun conducted an extremely able campaign against the numerous combines existing in Ontario, and proved to the hilt the truth of their charges. The Laurier Government has also been brought to give a grudging recognition of the existence of these rapacious monopolies, and Mr. Mackenzie-King's recent Anti-Trust Bill was a half-hearted attempt to give some relief. In every country it always is and must be to the interest of the majority of the inhabitants to buy whatever they want in the cheapest market. The only parties who can continually benefit by protection are the producers on a large scale, i.e., those who produce far more than they consume, the capitalists. In this connection Adam Smith says: "The proposition is so very manifest that it seems ridiculous to take any pains to prove it. Nor could it ever be called in question had not the interested sophistry of merchants and manufacturers confounded the common sense of mankind."

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It is sad to think how successfully the common sense of the people of Canada has been confounded and led astray by the specious arguments of protection, and it is quite certain that they who first taught them were by no means such fools as those who believed them.

♦ ♦ ♦
Better a tramp in the woods than a hob in the woodshed.



Protecting (?) the Farmer

Protector Sir Wilfrid:—"Methinks all is well"
Farmer:—"Help! Help! Save me from my friends."