

(b) The revenue thus derived from abroad is equal to our "unfavourable" balance of trade with the United States or to the entire interest and dividend requirements on all foreign capital invested in Canada.

(c) Its demands provide an important market for all agricultural products and other goods of daily consumption.

(d) It makes otherwise unproductive areas productive.

(e) It raises the whole quality of life in the more remote areas.

(f) In the field of merchandising it has provided much profitable business in what are usually slack months.

(g) The business man on holiday frequently develops an economic and investment interest in the country he is visiting.

II. THE ROYAL BANK PROPOSAL

The proposal outlined by the Managing Director of the Royal Bank in his address to the shareholders in January 1930 is, briefly, that the 16,000,000 tourist visitors to Canada present a potential market for merchandise which has not been developed as it should, and that there is a very considerable range of goods which should appeal to all classes of visitors that can be purchased more cheaply in Canada than in the United States, and that concerted action along this line might add from \$300,000,000 to \$1,000,000,000 to the purchases of American visitors. In Appendix D Mr. Neill's remarks in this connection are reproduced in full.

A discussion of this proposal lies along two lines.

1. The statistical and merchandising facts.

2. Certain objections that have been raised.

1. *The Facts* (a) There are fifteen to twenty million tourists coming in each year, so that every ten dollars per capita added to their expenditures here means \$150,000,000 to \$200,000,000 of additional gross revenue.

(b) There is almost no data as to present expenditures on merchandise. It is estimated that in 1929, the 16,000,000 tourists stayed here on the average two and a half days and spent on the average \$18.70 each or \$7.50 a day. \$5.00 a day or \$12.50 for two and a half days would seem to be a minimum allowance for living and travelling expenses leaving \$6.00 per tourist as a maximum average for merchandise purchased. This would give a total of about \$90,000,000 as maximum present expenditure on merchandise. It is probably, however, well below this figure.

(c) There is a wide range of commodities which ought to be purchasable in Canada at substantially lower prices than in the United States. This is discussed fully in Section III.

(d) The purchasing power of the tourists is certainly that of the average responsible car-owner. My own opinions from watching the streams of American cars on Ontario highways is corroborated by those of other careful observers. The dilapidated "tin-lizzie" is a very rare exception, and the proportion of current models of medium priced (\$1,000-\$2,000) cars is high, with a very fair sprinkling of expensive and chauffeur-driven cars. That is, the tourists are overwhelmingly of the good-middle-class who will not spend prodigally or extravagantly but are quite well able to spend \$50 to \$100 per family (i.e. \$20 to \$30 per head) if desirable merchandise attractively priced is brought to their attention, and a great many would be able to spend a great deal more. Moreover, if a tradition of buying in Canada is once firmly established, it should be possible to bring the average up to \$50 or \$100 a head. But even if such be regarded as visionary every extra \$5 or \$10 a head runs into \$100,000,000 or more.