

### WHAT ARE NON-ESSENTIAL INDUSTRIES?

No doubt, Canada's main business is the winning of the war, and the bending of every effort both of labor and capital to the attainment of victory. Nevertheless, such a programme, fundamentally important as it is, must not obscure the plain fact that victory will be achieved mainly, if not solely, through our ability to wear out the enemy. And this cannot be accomplished by impairing the industrial power of the nation.

In some quarters it is considered highly unpatriotic to spend on so-called luxuries, on automobiles, silks, and commodities of like nature. In brief, the argument is that reserves of capital and labor should be concentrated on the production of foodstuffs and munitions of war alone—that spending money on comforts and luxuries is entirely reprehensible. This logic is valid only insofar as capital and labor can be employed on war work. Ceasing to spend on automobiles, pianos, gramophones and other so-called "luxuries" would result merely in causing unemployment, both of labor and capital. Idle labor and closed factories never yet paid taxes, or helped to sustain the productive energy of any nation.

Canadians have been informed that the government will require some \$516,000,000 during the current fiscal year on war account alone. It is only from earnings, interest and profits that this vast sum can be procured. Depositing funds in the savings banks is not exactly hoarding; the banks must use these funds for the support of industry or forego profits. If, however, spending on luxuries is curtailed, it will be impossible to find productive use for this capital. The main argument for saving, in the sense of hoarding, in order that Victory Bonds may be bought, is patently absurd. Manifestly, the full employment of the entire reserves of the country's capital and labor is requisite for the support of war loans, and a *sine qua non* for the winning of the war.

Mr. S. Hare, president of the Packard Motor Company, in a speech recently delivered in New York, drew sharp attention to this important subject. He made public for the first time the fact that the Liberty motor, adopted by the United States government for all its aeroplanes, was the invention of the Packard Company. On the perfecting of this motor three years were spent by the engineers in Mr. Hare's employ; and it was a "non-essential" industry that, in this particular at least, saved the situation for the American government. Mr. Hare drew attention to the undoubted fact that there was, after all, a definite limit to the number of men that could be employed upon specific war work; and that so long as ship-building, munition-making, and food production did not

suffer from lack of labor, there was no logical reason for slowing down those industries engaged in turning out the ordinary products of peace.

The exchange situation between Canada and the United States requires careful investigation and adjustment. It may be necessary to curtail our importations of luxuries; but that fact, arising solely out of the problem of financing our foreign trade, should not lead to confused thinking on spending and saving within Canada itself; for saving, manifestly, can be achieved only through the productive process.

### EDITORIAL NOTE

We have received a communication from a valued correspondent, "Britisher," concerning our recent editorial "Financing the Small Farmer." This will be found on page 8 of our issue of last week. Our correspondent takes exception to the assertion that, aside from the chartered banks, little or nothing has been attempted in financing the small farmer in the direction outlined. It is said that we have overlooked the work done in Manitoba in enabling the farmers to purchase livestock under the facilities provided by the Hon. Mr. Winkler, and in Alberta by the Hon. Duncan Marshall.

Insofar as the buying of livestock has been a success under this legislation in the two prairie provinces, something has been done to remedy the situation; but we have no great confidence in the ultimate success of co-operative borrowing, whether for livestock or other purposes. The prosperous farmer, the "big" farmer, has little or no difficulty in securing funds at present, providing he is willing to pay the market rate. Canadian loan companies operating in the West are both able and willing to finance such farmers, at prevalent market rates for funds. It was rather, however, of the small farmer, still in the pioneer stage, of whom we were thinking. We believe that it ought to be possible to encourage the man on the land who has little capital but plenty of grit and ability. As every one knows, this is a real difficulty, and one that has not as yet been really solved—for the co-operative principle does not present the real solution. We are grateful to our correspondent for drawing our attention to what appeared an obvious omission of important factors in the situation. For our part, we believe that private enterprise, both in industry and agriculture, offers the best solution of the problem. Canadian financial institutions have operated fairly, and with scrupulous honesty, in the past; and through their enterprise in attracting capital to this country for agricultural purposes, we must depend, in large measure, for success in the future.

### INCREASE IN CANADA'S TRADE

An increase of \$315,292,044 in the trade of Canada during the fiscal year ended on March 31st last is shown by the monthly statement issued through the customs department. The statement shows that at the end of the last fiscal year the grand total of Canadian exports and imports was \$2,564,462,215, as against \$2,249,170,171 at the end of 1917. Domestic merchandise exported from Canada last year totalled \$1,540,027,788, while the imports during the same period were \$962,521,847. Foreign merchandise was exported to the total of \$46,142,004.

Dutiable goods to the amount of \$542,319,623 were imported into Canada during the year just ended, and free goods to the amount of \$420,202,224. Duty collected during the year totalled \$161,588,465, as compared with \$147,623,230 in

1917. The imports of coin and bullion during 1918 were \$12,279,173, against \$28,081,120 in the previous year.

Although the total trade of the Dominion shows a marked increase in the year, the statement shows that there was a falling off in exports and imports in the month of March, as compared with a year ago. In March, 1917, the total trade was \$230,722,774, while during the past month it amounted to only \$191,737,332. Of this total, \$87,255,698 represented merchandise entered for consumption in Canada, and the exports totalled \$99,854,987.

Products of Canadian factories to the total of \$636,602,516 were exported during the past fiscal year, as compared with \$477,399,676 in 1917. Exports of domestic agricultural products reached a total of \$567,713,584, and animal products exported amounted to \$172,743,081. Products of Canadian forests were sent out of the country to the amount of \$51,899,704, and Canadian minerals exported totalled \$73,760,502.