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War Created Purchasing Organization for Products

CANADIAN *Factories for the Most Part Were Like Young Robins With Open Mouths into Which Munitions Board Dropped Orders Averaging $1,000,000 a Day—How Can We Prepare for the Time When These Activities Cease?*

WE talk glibly as to the export trade we will get after the war and how it will help to solve our national problems. But we have a great deal to learn as to placing our merchandise in foreign markets in competition with countries which have made a study of export trade and have done it successfully for many years. In his paper on national ideals in industry, in the recent volume, "The New Era in Canada," published by J. M. Dent & Sons, Toronto, Mr. G. Frank Beer says that, paradoxical as it may appear, the crux of production lies in marketing. In a clear analysis of the employment, production and marketing problems, he points the way to action by our manufacturers, bankers and government authorities particularly, in order to mitigate the adverse effects of post-bellum conditions and to meet intelligently the new elements in national and business life which have been quickened by the war. Mr. Beer contends that an efficient selling system is the surest and speediest way to increase production and that a reduction in the cost of selling is a direct road to foreign trade. He continues:—

"Without a too fine weighing of words, it may truthfully be said that under modern conditions marketing ability governs employment. This means something more, and something more immediately important, than that supply is governed by demand. The object of this paper is not to discuss abstract truths. The 'supply' with which we are concerned is the portion produced in our own country, and the 'demand' which interests us is the proportion of world demand which can be diverted to Canadian products. We are considering the case of a country which must export $175,000,000 of products annually in excess of imports to pay interest charges. We are discussing production and marketing for which we and not others are responsible.

"Canadian salesmanship has not in the past kept pace with Canada's power to produce. It is doubtful if even during the period of greatest activity prior to the war we were producing more than three-quarters of our factory capacity. From the census returns of 1911 it would appear that in proportion to output Canada had an industrial plant $200,000,000 in excess of productive requirements. Irregularity of factory employment and idle plant were accepted almost heedlessly as the inevitable concomitants of an industrial system. Nor did employers generally acknowledge any responsibility for the under-employment or unemployment of men and machinery. As a solution of this problem export trade was under-valued, and even those regarded as industrial leaders expressed a doubt as to the necessity for such trade in the case of factory products. The opinion broadly held was that Canadian agriculturists should supply the exports and Canadian manufacturers should confine their attention to the resulting home market. Under present conditions no fallacy could be more harmful or prove ultimately more disastrous.

"Fortunately this view was not universally held; some of our more efficient industrial organizations established a world market. Nevertheless, out of the total export trade of 1913-14, manufactures contributed only $57,-000,000, or 13 per cent. For the twelve months ending December 31st, 1916, these exports increased to $440,477,143.

"The causes which led to this phenomenal speeding up of factory production are familiar, but the determining factor has not received sufficiently clear recognition. After making due allowance for the desire to aid in the war, and the effect of high prices, the outstanding explanation is found in the fact that a purchasing organization for Canadian products had been created as a result of the war; that the problem had been narrowed to one of production; that the selling having been all attended to there was no lack of capital to oil the wheels of industry and ensure that goal of industrial experts—capacity production.

"It cannot be too clearly recognized that this has not been the result of Canadian sales efficiency, but was the distinct and obvious consequence of an Imperial purchasing organization. Canadian factories for the most part were like young robins with open mouths into which the Munitions Board dropped orders averaging a million dollars a day. The problem requiring the attention of government and industrial leaders alike is how and where to find some agency which will replace the Munitions Board when its activities cease. If this can be found Canada's prosperity will continue, but if not it is not too soon to think about the consequences. In view of the new efficiency which is being planned and to a large degree practised in Great Britain, the United States of America, and elsewhere, a return to former methods of marketing would mean the surrender of all that has been won."

Discussing at length the coming problem of employment—a matter for serious consideration—Mr. Beer emphasizes the fact that palliatives for general unemployment are worthless. He is convinced, and the majority will agree, that if other than present industrial standards are not accepted, the movement towards state control