

Protection Replies

In the Toronto News of August 21st the following reply was given to the Challenge published in The Guide on July 31st. The News' reply was written by F. D. L. Smith, associate editor of that journal.

In the polite terminology of The Grain Growers' Guide the fiscal arguments employed by The News are "incoherent ravings," and it declares that in championing the National Policy this newspaper deals only in general statements. Was there ever such a series of assertions, unbuttressed by fact, as those which compose The Guide's full page challenge of July 31 to The News? Surely some of the concrete arguments are on the side of moderate protection. Free Trade Britain supports for the most part a miserably rewarded agricultural and industrial population. In this country, under the National Policy, both classes enjoy universal prosperity and comfort in a very considerable degree. Tens of thousands of Cobdenite Old Countrymen have become protectionists after a few months' or years' residence in this country. They have eyes to see and have learned by experience.

Carriage Charges

Incidentally The Guide remarks:—

"Freight rates in the West are from 25 to 175 per cent. higher than in the East, telegraph rates are from 50 to 200 per cent. higher, and express rates 66 2-3 per cent. higher. Bank charges are 8 to 12 per cent. and mortgage rates from 7 to 10 per cent. in the West. True, we have cheap and fertile land, but even absolutely free land could not compensate for such a burden as the Western people are carrying, and the root of the whole injustice lies in the protective system."

No newspaper in the West has fought harder than The News for equitable freight, express and telegraph rates for that part of the Dominion lying beyond Lake Superior. There is a prospect of relief in respect of these charges. As for bank discounts they are a great deal lower than in the Western states. Meantime the free trade Western farmer enjoys a vastly greater share of the world's wealth and comforts than do the Eastern artisans whose livelihoods he unconsciously would place in jeopardy.

The Guide observes:—

"State definitely any two considerable industries that would be ruined by gradual tariff reduction resulting in absolute free trade in five years. Give some facts to substantiate your answer, as general statements prove nothing."

The binder twine industry is one industry almost dead already largely by reason of free trade. A few years ago most of the binder twine consumed in Canada was made in Canada by Canadian manufacturers, so that Canadian workmen and their families obtained a decent livelihood from the industry. Today our market is almost altogether supplied from the American plants of the United States Harvester Trust. In 1897 the duty on binder twine was reduced from 12½ per cent. to 10 per cent., and in the following year it was removed altogether. The sequel has been striking. In 1898 we spent \$154,220 on United States binder twine. During 1911 we paid the Americans \$2,088,433 for the same product. The Brandon, Ayton, Walkerton, Chatham, Port Hope, Peterborough, Toronto and Kingston binder twine factories have been closed, and the capital loss involved has fallen largely upon the farmers who held stock in these enterprises. A Quebec company has reduced its output of binder twine from 6,000 tons to 800 tons per annum. Two out of its three mills have passed out of existence. How many binder twine factories remain in Canada and do not these keep their doors open largely on their output of rope? In short, has not the Dominion lost eight binder twine factories with their invested capital, and are not the remaining plants being partly kept alive by government bounties introduced as a make-shift? This in the face of the heavy growth in the demand for the

finished article due to the vast agricultural developments on the Western prairies!

What Might Have Been

Had the duty not been taken off the enormous increase in the prairie grain crops would have caused binder twine factories to arise all over the country, and the West, where thousands of tons of flax fibre now go to waste every year, probably would have secured a number of these plants. In that event the \$2,000,000 now paid out across the line for binder twine would have remained in circulation in this country. It would have gone into the pockets of Canadian workmen and built up Canadian towns instead of enriching an American trust. The towns in turn would have provided larger home markets for the food products of Canadian farms. Our lesser factories have been unable to compete with the powerful United States plants which enjoy an unequal advantage in a virtual monopoly of raw materials from the Philippines.

Streetsville, Markham and Cobourg mills were forced out of business. Some of our former manufacturers now have plants in the United States and their Canadian operatives have followed them to secure a livelihood. Free imports of raw wool have not saved the domestic industry, and the number of sheep in Canada has decreased steadily despite the rapid growth in population and in the consumption of wool and woollen materials. One reason why the Canadian woollen manufacturer requires protection is that he pays his employees \$2.50, as compared with the dollar received by the European workman. Our artisans live on a higher plane than their competitors in the Old World. Surely the Western farmer would not rob them of their comforts. Surely in this country all should live and let live. The writer has no idea that the government thinks of restoring the old wool duties. The situation is cited merely in answer to The Guide's query. The Canadian woollen manufacturer has almost disappeared by reason of lower

convenient for the cheap assemblage of raw materials an important plant for the production of soil fertilizers. The Ottawa Government was asked to protect the industry by a small duty. The government refused. The American trust then poured its product into this country until the Canadian plant had to go into liquidation. Thereupon the foreign monopoly ran up its prices far above those quoted by the Canadian plant while it was in existence. Under reciprocity many Canadian industries would have been thus smothered to death and then the Canadian consumer would have been left wholly at the mercy of the American trusts.

The Berlin Machine Works, Limited, which employs 500 hands in the manufacture of wood-working machinery of all kinds, was established at Hamilton, Ontario, as a branch of a parent concern at Beloit, Wisconsin. The prices to the Canadian trade are the same or lower than those quoted in the United States. The Canadian Kodak company, limited, came to Toronto from Rochester, and its prices are the same on both sides of the boundary. These instances are typical of many others.

Factories for the West

The Guide asks:—

"If your contention be true that free trade would prevent the development of manufacturing industries in Western Canada how do you account for the growth of manufacturing in the Western States in the face of unrestricted competition from the great industrial organizations of the Eastern States?"

The answer is clear. For a very long period Western American manufacturers have had the double protection of a tariff maintained at a very high level and of high freight rates upon Eastern and foreign manufacturers. Moreover the Western States have been long enough settled to develop a considerable laboring population. Even under the moderate protection afforded by the National Policy and with reduced freight rates we look to see the Canadian West develop its already considerable industrial interests on an ever expanding scale. As settlement increases the necessary labor will be available for manufacturing purposes. If the tariff were removed Manitoba, Saskatchewan, Alberta and British Columbia (for The News still considers the latter province to be part of Western Canada) would be robbed of this hope, and be given over to exploitation by the oppressive United States trusts, which would kill domestic industries by flooding our markets with the surplus products of their huge specialized American plants, and then charge the Western settlers "all the traffic would bear." If the people of Alberta and Saskatchewan wish the wide opportunities for their sons which a multitude of interdependent industries alone can furnish, they will join the rest of Western Canada and Eastern Canadians in maintaining the well proved National Policy which has done so much for Ontario and the other Eastern provinces.

The Political Effect

The Guide asks:—

"If reciprocity with the United States would lead to annexation, as you claim, would not the same result follow if the Americans voluntarily abolished their own tariff on Canadian goods? If this be so, how do you account for the fact that these Americans, whom you claim are anxious to gobble up Canada, have not seized upon such an easy and peaceable method?"

With the obvious intent of confusing the issue The Guide has put its question in very crude form. The News has never said that reciprocity would lead to immediate annexation. What we have contended is that the Washington

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LORD GLADSTONE, GOVERNOR-GENERAL OF SOUTH AFRICA. Who, it is said, will soon return from South Africa and re-enter the Asquith Cabinet. Lord Gladstone has filled the office of Governor-General of Britain's big South African Commonwealth since 1909.

Continued protection would probably have stimulated our manufacturers to utilize the immense quantities of good flax fibre now lost every year in the West. This is not a plea for restoration of the duty. The binder twine industry is mentioned only to show The Guide one Canadian industry that is almost ruined under free trade and surely largely by free trade.

The Wool Industry

At one time we had in Canada a great many woollen mills engaged in the manufacture of good, sound low-priced or medium-priced cloths, for which our native wools were and are especially adapted. We had and have ideal conditions of soil, climate and water. We imported English and Scotch wool growers and English wool mill operatives. We had the capital and the industry thrived. Then a few years ago came a drastic reduction in the duty on manufactured woollens, and before long the Hespeler, Campbellford, Cornwall, Montreal, Beauharnois, Hawthorne, Loomis, Perth,

duties on his products and in spite of free trade in wool which has largely killed the domestic sheep raising industry. Many other industries that would be destroyed by free trade could be mentioned, but The Guide asked for two only and the writer has replied in the past tense instead of the future tense. He has given accomplished facts instead of prophecies.

Protection and Prices

The Guide asks:—

"Do you admit that the protective tariff allows the manufacturer to charge higher prices than they could get under free trade?"

In theory free trade would give lower prices to the consumer, but Canada is next door to a highly protected country which has developed monopolistic trusts ready to throttle Canadian industries and then squeeze Canadian consumers. Our fiscal policy must be influenced by this fact. Theory must yield to practical conditions. Some time ago capitalists established at a Canadian point