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## What Imports Are Doing to the Canadian Shoe Industry

### Lack of Proper Protection Hits Another Canadian Industry Hard

By L. P. Deslongchamps, President of the Shoe Manufacturers' Association of Canada

#### Beginning of the Shoe Industry in Canada

For a proper understanding of the present situation of the shoe manufacturing industry in Canada, it is necessary to note the conditions under which that industry has developed to its present status. History shows that shoe manufacturing is one of the earliest industries in any country, and especially in agricultural countries where such industry provides a market for hides. The making of shoes was a handicraft trade when the introduction of machinery started it towards the present factory system. The United States is the birthplace and home of modern shoemaking and the use of machinery came first in that country, although Canadians made not unimportant contributions to the invention and development of the exceedingly ingenious machinery which is employed to-day.

The United States, indeed, got a considerable start and the shoe manufacturing industry in this country had to struggle for years against the competition of shoes from factories in the United States. The latter, with their large home market, had the exceedingly important advantage of quantity output and they were able to dump their product into Canada at prices which were difficult, if not impossible, to meet. Besides, the earlier development of the industry in the United States and the fact that the manufacture of staple lines of footwear in Canada came before the production of the finer qualities resulted in a prejudice in the minds of many Canadians in favor of boots and shoes from the United States. In not a few cases retailers adopted the course of least resistance and represented Canadian shoes as shoes made in the United States.

But slowly and after repeated set-backs, the Canadian industry won its way, assisted by protective duties which helped the Canadian plants to capture an increasing share of the home market trade and to produce more economically because of their larger output. Profits always were meagre and competition exceedingly keen, for this, more than any other, has been the poor man's industry. Under the leased machinery system, it was possible for ambitious workmen to become shoe factory proprietors on very little capital and the industry has always been crowded. While this intense domestic competition caused a serious situation for the manufacturers, nevertheless it has afforded to the public continuous assurance against excessive prices.

#### American Competition

Competition from the United States continued to be a recurrent menace to the industry here. The boots and shoes manufactured in that country are similar to those produced in Canada and floor stocks and surplus goods of the United States factories alone would more than provide for all the requirements of the Canadian trade. Imports from the United States increased whenever the factories of that country required an outlet for their surplus production, and investigation has shown that in many cases such footwear has been exported to Canada at prices considerably below the cost of production in the United States. Mr. Fielding, who was Minister of Finance in 1906, realized the increasing unfair competition to which the Canadian industry was subjected and a small increase in the General Tariff duty was made. This served to check slightly the growth of importations from the United States but from 1909 to 1914 further increases occurred. Complaints of periodic "dumping" of a kind to which the Canadian Dumping Law did not apply or to which it could not easily be applied have continued. Shortly before the war, British manufacturers adopted American lasts and British competition began to assume serious proportions not only in Canada, but also, although to a somewhat lesser extent, in the United States. In the latter protection, an agitation developed for tariff protection but war conditions checked for a time the inflow of British footwear.

#### War Record of Canadian Shoe Plants

The war-time record of the Canadian shoe manufacturing industry is a creditable one. No other Canadian industry supplied its products to the military authorities at so small a margin of profit. Any complaint which occurred in connection with Canadian boots and shoes for army use was due not to factory defects, but rather to Government specifications which did not meet fully the requirements of the new trench warfare conditions. Every Canadian soldier who went overseas wore boots produced by Canadian labor in Canadian factories. Moreover, the Canadian-made trench boot was accepted by the British authorities for active service and orders were placed in the Dominion for imperial stores account. With the increased domestic demand for boots and shoes and an export trade which reached a value of no less than \$5,679,720 in the fiscal year 1919-20, the Canadian industry developed in magnitude and efficiency during the war period. The quality of the better grade Canadian-made shoes became more and more recognized by the public as a result of Made-in-Canada advertising and the prejudice in favor of United States footwear was overcome very largely. As a result, many of the highest class shoe stores in Canada, which before the war carried shoes of United States manufacture to the extent of from 50 to 90 per cent. of their stock, now handle few, and in many cases absolutely no lines of United States shoes. The retail trade is now practically unanimous in recognizing that Canadian-made footwear is unsurpassed by that of any other country and the growing acceptance of the Made-in-Canada idea has been a notable feature of the recent history of the shoe trade in this country.

#### Afflicted by Trade Depression

The shoe manufacturing industry was one of the very first to be affected by the trade depression, which commenced in 1920. Wholesalers' and retailers' stocks were high and the public also were well supplied with boots and shoes. Then our export trade, which at one time had reached about ten per cent. of the total output of the Canadian shoe factories, was cut off practically overnight

**Our Battle-Cry is "Prosperity for Canadian Industry for the Canadian Worker." In other words, "Give Us Proper Tariff Protection."**

by exchange and by high tariff duties and other restrictions on imports imposed by other countries. To make the situation still worse, exchange aided importations of boots and shoes from the United Kingdom, where wages were much lower than in this country, have been increasing sharply. Also there has been the threat of importations from Germany and thousands of pairs of infants', children's and misses' leather shoes purchased in Germany at 50 to 52 cents per pair, actually have been imported into Canada, unmarked as to country of origin. Although these shoes could not be made in either Canada or the United Kingdom for less than about \$1.25 per pair, they were valued for duty at only 80 cents per pair and duty of 24 cents per pair was charged. The dumping clause was held to be applicable. Import statistics for June of this year showed 3,900 pairs of women's leather shoes imported from Germany and appraised for duty purposes at only \$1.00 per pair. The shoe manufacturers also fear that some of the shipments imported from Great Britain under the low rates of the British Preferential tariff may be largely German products.

#### Urgent Representations to Government for Proper Protection

During the last session of Parliament, the Shoe Manufacturers' Association of Canada and individual shoe manufacturing firms made urgent representations to the Government asking that protection be provided against the rapidly increasing importations from Great Britain. We pointed out that, under present conditions, the Canadian industry must depend almost entirely upon the home market and if the Canadian business available to our factories be curtailed by importations there is no possible way of making up for such loss.

Every dollar that is paid for shoes from the United Kingdom, Germany, the United States or any other country, means an actual reduction in orders for the Canadian industry and short time for Canadian workers and also a direct loss of business to the tanners and other supplies. It means, too, an increase in the cost of Canadian-made footwear, because the larger the volume of business available the more economical will be the operation of the Canadian shoe factories and the lower the cost and selling price per pair. We pointed out further that, with a productive capacity of probably close to 25,000,000 pairs of shoes annually and a home-market demand at the present time, of only barely 15,000,000 pair, the industry was in a most difficult situation and that since the war more than 70 shoe manufacturing firms in Canada had become business casualties. That number has been further increased during the last three or four months.

#### Industry Has No Protection

THE INDUSTRY ACTUALLY HAS NO NET PROTECTION AGAINST IMPORTATIONS FROM GREAT BRITAIN. There is a nominal duty of 15 1/2 per cent., but we submitted irrefutable evidence to show that, with exchange against us and with wages which are from at least 66 2/3 per cent. higher than those paid for similar operations in the United Kingdom, and with duties on raw and semi-manufactured materials, the Canadian factories actually were under a net handicap of 10 per cent. over and above the duty. We pointed out too, that the British shoe factories are using leather tanned in Germany and imported into England duty-free. The Canadian duty on boots and shoes from the United Kingdom barely offsets the lower wage rates and material costs in Great Britain, leaving the

## Labor Conditions Satisfactory at Ontario Mines

### CHIEF INSPECTOR REVIEWS SITUATION—WORK IS ATTRACTIVE TO YOUNG MEN

By T. F. Sutherland, Chief Inspector of Mines, Ontario.

Few mining districts have as satisfactory labor conditions as are found in Ontario. Not only is there a steady supply of labor to meet all demands in the mining industry, but this labor is, as a rule, efficient. The "open shop" prevails at all mines. The Ontario miner, being but a few years removed from the farm, either going or coming, is not much interested in unionism. There are a few "Reds" among the foreigners, but they are so much in the minority that they can be disregarded.

The demand for labor in Northern Ontario comes from the mines, the pulp and paper and lumbering companies, railroad construction and road building. The cutting of pulp, lumbering, railroad and road building are seasonal operations and with a rate of pay much below that of the mines.

Young men come from the farming districts in the older portions of the province to engage in this industry, and, when once they start mining, they are lost to the other industries. There is a certain attraction in underground work—the noise and liveliness of the work, the even temperature underground throughout the year, the absence of lost time due to unseasonable weather, the high rate of wages, the short hours, and the active life in a mining town attract the youth. These, in addition to good housing and living conditions, schools, workmen's compensation, etc., are inducements that hold the married men. The desirability of the work tends to efficiency as the workmen realize that there are always recruits from the lumbering and railroad operations waiting for an opportunity to accept employment.

Another source of labor supply in the mining districts is the settlers who are making farms in the great clay belt of Northern Ontario. Naturally, these pioneers are young men, and for a few years, while getting started, require employment for part of the year. These men are ambitious, are hard workers, and choose the occupation paying the highest rate of wages.

The mining companies have followed a wise policy in attracting labor. Married men are induced to bring their families by being supplied with a house built by the company and rented at a reasonable rate. Company stores are operated where employees can trade at prices generally 15 per cent. lower than those charged the public. Group insurance of employees, recreation halls, schools, hospitals, and good medical attention are supplied. The contract

(Continued on page 2)

Canadian shoe manufacturing industry entirely unprotected against the British manufacturers' exchange advantage.

With the further aid of ocean freight rates to Vancouver, which are only a fraction of the rate from Eastern Canada by rail or lake and rail, and with the advantage of the 5 per cent. dumping allowance under the Canadian tariff before penalty is applied, the British manufacturers have captured fully one-third of the men's footwear business of British Columbia and a considerable share of the trade elsewhere in Canada. The most recent trade reports show large increases in importations of women's and children's shoes from the United Kingdom and the British importations have been spreading from high-grade walking shoes to the cheaper lines. Importations from the United Kingdom since the first of this year have averaged more than 12,000 pairs per month and in June amounted to 46,663 pairs. In respect of value, importations of British shoes during the last 12 months have totalled \$938,789 as compared with \$539,503 for the 12 months ended with June, 1923,—an increase of 74 per cent. These figures reflect a situation which is becoming increasingly serious for the Canadian shoe manufacturing industry and for the employees in such industry. The shoe manufacturers believe that it is a mistaken imperialism which continues a preference to imports from the United Kingdom, when that preference is harming so seriously our own industries at a time of acute industrial depression and unemployment. Our first concern should be for Canadian interests and there is need to-day as never before for a strong Canadianism. Needless to say, the shoe manufacturers will continue to urge upon the Government the need for protection against British importations as well as against those of other countries.

The Boot and Shoe Workers' Union in the United States has been aroused by the threat to the shoe manufacturing industry in that country from imported shoes. The Shoe Workers' Journal, published in Boston, said in its issue of July, 1924: "According to reports from various sources and sections, foreign-made shoes are beginning to make serious inroads in the American shoe market. We hear of numerous large city shoe stores and department stores that are beginning to feature European-made shoes quite extensively. European shoe manufacturers began to prospect the American market in the early months of 1914 but their campaign was then, for the time being, summarily ended by the outbreak of the world war."

Your General Officers were then keenly aware of the destructive effect that an influx of European-made shoes would have upon the American shoe industry and its workers and are even more keenly alive to the menace of it to-day. We were aware then of the great disparity between the wages and living standards of European and American shoe workers and that disparity is far greater to-day than it was in 1913.

Since or during the war, both your General President and your General Secretary-Treasurer have visited the principal shoe manufacturing countries of Europe and are quite familiar with the wages and living standards of the shoe workers in the various countries. It is no surprise to us, therefore, that European-made shoes should now be offered for sale to American shoe dealers at prices that make the competition of American-made shoes an absolute impossibility. We foresee the condition that confronts us now ten years ago.

On the authority of Colonel Leonard P. Ayres, banker and internationally known statistician, wages in Germany range from 69 cents to \$1.09 per day in American money. Workers at those wages, receiving millions of depreciated German marks, find it difficult to buy a loaf of bread.

Merchants handling these shoes see a long profit. They buy them much below American costs and sell them only slightly below retail prices of American shoes. Thus the consumer saves little, while the middleman profits much. Every shoe trade interest must realize that the longer united action is postponed on this matter, the greater the damage that will be done before corrective action can be secured. Therefore, action should be quick and strong."

#### Employers and Employees Should Co-operate

Employees of the boot and shoe factories equally with the proprietors are concerned to see that the growing menace to the Canadian shoe manufacturing industry is met before the industry is further harmed and unemployment made more acute. Representatives of both the Boot and Shoe Workers' Union and the Catholic and National Unions were with the deputation which awaited upon the Government in April and we believe that the authorities at Ottawa will provide protection as they are brought to realize how serious is our situation and how urgent is the need for action which, in the words of the Shoe Workers' Journal, "should be quick and strong."

## May Pass Pensions Legislation

Ottawa, Ont.—Before the next session of parliament the Canadian government is expected to sound out the provinces on an old age pension system. A parliamentary committee recently drew up a plan for pensions to all over 70 who are in need of them, half the cost to be borne by the Dominion and half by the provinces. The proposed pension is \$20 a month or \$240 a year. The cost of administration, it is proposed, should be borne by the provinces. The number of pensioners in Canada would be about 98,000, and the cost for the Dominion has been put at \$11,860 a year.

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