

An "Infant" Industry

NOTE—In preparing this article on the Massey-Harris Company every effort has been made to ensure the truth of the statements contained therein. This "infant industry," nurtured by the milk of high protection which Sir Wilfrid Laurier bluntly describes as "legalized robbery," has turned out a goodly number of millionaires. Now grown to maturity, this "infant" still lustily cries for the bottle and protests against withdrawal of its pap. The Massey-Harris people are free traders in everything they want to buy, but protectionists in what they have to sell. They purchase from the U.S. Steel Corporation instead of from the Canadian steel industries that have been bonused to the extent of \$40,000,000 at the expense of the Canadian people. They get drawbacks on what they buy; they compete freely in all parts of the world and have even invaded the protected American market. Their profits have been untold millions. What excuse is there for a tariff on farm implements? We merely take the Massey-Harris Company because it furnishes the best Canadian example of how the agricultural implement industry of Canada leans on the politicians. One member of the firm is in the Senate, another in the House of Commons.—Editor.

The story of the Massey-Harris Company, like that of most of the large industrial concerns of the world, is one of small beginnings, of steady, aggressive development, of absorption of competitors, and of expansion through the discovery and exploitation of markets hitherto un-supplied.

The Massey-Harris Company was formed in 1891, but for the beginnings of what is now the largest industry of its kind under the British flag, one must go back to the year 1847, when Hart A. Massey began to manufacture agricultural implements in his blacksmith's shop at the village of Newcastle, Ont. The A. Harris Son & Co. was established at Beausville, Ont., in 1857, and the other companies which went into the amalgamation and helped to form the Massey-Harris Co., were the Patterson Bros. Co., established at Patterson, near Richmond Hill, Ont., in 1855, and the J. O. Winzer Son & Co., which started business in Brantford, Ont., in 1857.

Fallacy of Protection

In the early days of the business all these companies were chiefly engaged in experimental work, and many and wondrous were the inventions which the pioneers of the industry figured out while burning the midnight oil. Most of those were found to be impracticable, but by the early 80's, when the land boom struck the West, a serviceable line of mowers and reapers was being produced. So rapid was the development of the West that for a few years the demand for agricultural implements of all kinds was greater than the Canadian factories could supply. A duty of 35 per cent, which was imposed by the national policy tariff of 1878 and remained in force until 1894, practically shut out American machinery, and the business became so profitable that a large number of factories were started, and in 1886 there were 23 agricultural implement firms in Eastern Canada, every one of which was building a different style of binder. When the boom died most of these companies went out of the business either by liquidation or by taking up some other line of manufacture, and beside the Massey-Harris Co., there are now only two of the firms then in business that are still manufacturing binders, namely, the Naxom Manufacturing Co. and the Frost & Wood Co.

The Massey and Harris companies, which were at that time still separate and rival concerns, finding the Western market had for the time failed them, both began, in 1887, to look for customers in other parts of the world. Europe and Australia afforded the first opportunities for the enterprising Canadian manufacturers to engage in the export trade, and the two concerns each opened offices in England, the Massey Co. in London, and the Harris Co. in Liverpool, Lloyd Harris, a grandson of the original Alanson Harris, and now M.P. for Brantford, taking charge of the European end of the latter company's business in 1889.

Meeting Trade Conditions

The different conditions of agriculture in the European and other countries made the Canadian style of implements unsuitable without some modification, and the first thing that was necessary in the development of the export trade was to find out what changes had to be made to adapt the machines to the needs of the several countries. In Europe, for instance, straw is so valuable that the farmers cannot afford to waste an inch, and a binder was constructed which would cut close to the ground, while the length of straw made the open end binder necessary. A mower to which a dropper can be attached and the machine used as a reaper

for grain crops is also manufactured for countries where the farms are small.

Eliminating Competition

It was while engaged in developing the export trade that the Massey and Harris companies decided upon amalgamation, and the merger in which the Patterson and Winzer companies also joined, not only enabled the centralization of the manufacturing processes, but also permitted one selling force to handle the output of the whole of the factories, thus effecting a saving of expense, and at the same time eliminating any possibility of competition in prices.

The Massey-Harris Co. was capitalized in the first place at \$5,000,000, the works of the four companies forming the merger being valued at approximately \$2,500,000 and the other half of the capitalization being represented by working capital. Some of the works belonging to the different companies had by this time been removed from the places at which they were established, the Massey company having moved from Newcastle to Toronto, the Harris company from Beausville to

works in mowers and binders could be disposed of outside of Canada. In the effort to keep pace with the demand, the works have been extended again and again, additional capital being subscribed for the purpose, and at the present time the company is employing 8,500 persons, and has a fully subscribed capital of \$15,000,000 represented by plant and real estate that is claimed to be of equal value. In 1891, the year in which the amalgamation took place, the Massey and Harris companies, which were the largest firms in the business in Canada, each manufactured about 2,000 binders, and the total output of the four amalgamating companies was worth about \$4,000,000. The exact amount of the output of the Massey-Harris Co. at the present time is not revealed by the company, but it is said that \$15,000,000 worth of agricultural implements were manufactured and sold by the company last year.

Secured More Work

Shortly after the formation of the merger the Massey-Harris Co. secured control of the Bain Wagon Co., of Wood-

stock, by the purchase of the majority of its stock, and a large interest in the Verity Plow Co. was also acquired, the Massey-Harris Co. at the same time arranging to dispose of the whole output of both companies, again effecting a saving in selling expense, which is a very important item, and giving the concern a great advantage in dealing with agents and customers. A few months ago the company further extended its producing capacity by the purchase for \$3,000,000 of the works of the Johnson Harvester Co., at Batavia, New York, the output of which will be chiefly disposed of abroad.

The Massey-Harris Co. is a close corporation, and the new issues of stock have always been taken up either by the old shareholders or by the more responsible employees. The balance sheets of the company are carefully kept from the eyes of outsiders, but it is known that the dividends paid in recent years have been at the rate of eight per cent., while large sums have been annually written off and placed in a fund for the replacement and improvement of the plant.

A "Revenue Tariff"

The proprietors of the Massey-Harris Co. of course believe in what they call a "revenue tariff" and while the company is able to compete successfully with United States rivals in every other part

of the world, as demonstrated by the large export trade, its officials, and notably its president and general manager, Senator L. Melvin Jones, have declared that it could not do so in Canada, and that were the Canadian duty removed from agricultural implements, or appreciably reduced, they would be compelled to go over to the United States to do a large part of their manufacturing. Protective duties levied by the Canadian government do not, of course, benefit Canadian manufacturers exported to other countries, in fact they must make manufacturing more expensive (though this effect is partially eliminated by raw materials being practically free of duty), and it is evidently necessary to look at things from the peculiar viewpoint enjoyed by members of the Canadian Manufacturers' Association, to see how a business, one-half of which gets no advantage from protection, though it has to put up with its disadvantages, would be ruined and driven from the country by a reduction of the duties or by free trade.

Get Steel in States

That the Massey-Harris Company's belief in protection is confined in its application to the goods they have for sale in Canada, is shown by the fact that when it comes to purchasing they go to the cheapest markets available. Seventy-five per cent. of the material which goes into Massey-Harris implements is imported from the United States, and practically the whole of this comes in a partly manufactured state, so that even Canadian-made goods have had a large amount of labor expended upon them by the lumbermen, miners, mill workers and iron workers of the United States.

The United States Steel Corporation and other American companies supply the company with iron and steel, and the company has a timber limit in Arkansas from which it gets hickory and oak, while bass wood, maple and soft woods used for packing cases are obtained in Canada. The Massey-Harris Co. has for some years manufactured malleable iron for use in the Canadian works, at Batavia, N. Y., the plant being operated in connection with the works of the Johnson Harvester Co., which the Massey-Harris Co. has recently acquired. The bulk of this material, however, comes in either duty free or practically so by reason of the drawbacks which are received by implement manufacturers on exports.

The implement manufacturer is thus saved as far as possible from the evil effects of protection, but the iron and steel industries of this country are at the same time deprived of the benefits which they would derive if the implement men were forced by high duties on iron and steel to patronize Canadian industries and pay big prices for the output of their mills and foundries. Hence the iron and steel bounties; but that is another story.

The \$15,000,000 of capital stock of the Massey-Harris Co. is held by some 150 persons, most of whom are either actively associated with the management of the business as directors or in other responsible positions, or are members of the Massey and Harris families. Many of those who draw big dividends from the company are also in receipt of handsome salaries, and the success of the enterprise which they have built up has brought them considerable wealth.

It is gratifying to know, however, that a considerable portion of the profits of the Massey-Harris Co. are used for the public good. The late Hart A. Massey, the first president of the company, when he died in 1896, bequeathed his entire holdings to philanthropic purposes for all time, and large sums of money are

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Farm Home and Barn of Peter Wright, Myrtle, Man.

Brantford, and the Patterson company from Patterson to Woodstock. At the Toronto works all kinds of agricultural implements are manufactured with the exception of plows, which are made in the Verity Plow works at Brantford. The old Harris factory at Brantford is now used almost exclusively for the manufacture of mowers and binders, and wagons and sleighs are built for the company by the Bain Wagon Co., at Woodstock.

Protection Favors Exports

The progress of the company since the formation of the combine in 1891 has been phenomenal. The whole of the wheat growing world has been invaded by the selling agents of the Canadian company, and while the development of Western Canada has of itself provided a very large market for the products of the factories, the export trade has grown even more rapidly until now it is equal in volume to the Canadian sales. Massey-Harris implements are used in Great Britain, South Africa, Australia, New Zealand, France, Germany, Argentina, Russia and several other countries. The demand throughout the world for the kind of agricultural implements manufactured by the Massey-Harris Co. is so great that the chief difficulty of the company is to fill the orders received rather than to make sales, in fact it has been stated by the management that the whole output of the