The Grain Growers' Guide

Winnipeg, Wednesday, March 6th, 1912

THE NIGGER IN THE WOOD PILE

The following is one clause from an Order-in-Council passed by the Dominion Government on July 1, 1904, and still in force, a copy of which we have just received from the Commissioner of Customs:—

> "When imported materials on which duties have been paid are used, wrought into or attached to any article manufactured in Canada, there may be allowed on the exportation of such articles beyond the limits of Canada a draw-back of 99 per cent. of the duties paid on the materials used, wrought into or attached to the articles exported; provided, however, that such draw-backs shall not be paid unless the duty has been paid on the materials so used as aforesaid within three years of the date of the exportation of the Canadian manufactured article, nor unless the claims as presented, at any one time, aggregate ten dollars."

This is a section of the Customs Tariff Law which does not appear in the Act, and which was not enacted by Parliament, by which Canadian manufacturers have free trade in all materials they buy in case they afterwards export the manufactured product. Thus we see that our beneficent protective tariff is only enforced when the people of Canada are paying the bill; but when it is the people of other countries who are paying, they get a free trade price on what they buy from Canadian manufacturers. By this Order-in-Council the manufacturers buy their raw material for their export business free, while the government does their book-keeping for 1 per cent. The farmers of Western Canada buy their raw material in the shape of manufactured articles, and they export the product of their factories in the shape of grain and other agricultural products, but they do not get any such concession as the manufacturers get. If the export of manufactured goods is a good thing for Canada, then certainly the export of agricultural products ought to be equally as good. Why should the manufacturers enjoy this Special Privilege, which is withheld from the farmers who are engaged in an equally important occupation? By the working of this Order-in-Council the manufacturers of Canada are able to sell their products more cheaply to consumers in foreign countries than here in Canada. That is, the people of Canada not only pay the tariff tax on what they buy, but they also pay a bounty on goods that are exported. If our Canadian manufacturers can live on a free trade basis on their export business they certainly could live equally as well on a free trade basis in Canada. What objection can our manufacturers have to free trade if they get their raw material without paying any duty? Not only do our manufacturers get the benefit of this famous Order-in-Council, but the people of Canada in addition pay for the maintenance of a big staff of Trade Commissioners in all the countries of the world, who are kept for no other purpose than to find markets for our manufacturers. Another big tariff tax is in the form of the subsidies that we pay to steamship companies to carry our manufactured goods to the people of other countries. Everything is handed over to our manufacturers and to foreign consumers, while the whole bill is laid before the people of Canada to be paid. And yet this is building up "a well rounded Dominion," and if we do not agree with it we are disloyal and unpatriotic. Judging by our laws the farmer is a sort of noxious weed, to be discouraged as much as possible.

Some farmers have expressed the idea that it is not worth while for the farmers to organize because they never get anything they go after. This is a dangerously plausible suggestion. The organized farmers have gained a great deal. They have also lost in many cases. But all the Big Interests are praying that the farmers will cease to organize. They see danger ahead as the farmers become better informed and better organized for mutual protection. It is no time to lie down when things look dark. We are making progress that we know not of. Let us keep up the struggle. Rome was not built in a day.

SOUTH AFRICAN FARMERS AND THE TARIFF

A cable dispatch from Cape Town states that the Commerce and Industries Commission appointed some months ago by the Government of South Africa, has presented a report in which heavy increases in the protective tariff are recommended. South Africa, like Canada, has a Manufacturers' association, and evidently like their Canadian cousins, the members of this association realize that the easiest way to increase their profits is to secure the protection of a high tariff which will enable them to raise the price of their goods. South African papers containing reports of the sittings of the Commerce and Industries Commission show, however, that the South African Manufacturers' association is much bolder in its demands than the Canadian Manufacturers' association. As a result of the demands of the Canadian farmers for lower duties and for reciprocal free trade with Great Britain and the United States, presented to the Government at Ottawa by 800 farmers from every part of the Dominion in December, 1910, and reaffirmed since by the organized farmers at all their conventions, the Canadian Manufacturers' association is now on the defensive, and instead of asking for a higher tariff, is devoting all its energies to the effort to maintain the duties at their present level. There is a considerable section of the people of South Africa which is in favor of low tariffs, but unfortunately many of the farmers are supporting the manufacturers in their demands for more protection, under the belief that a higher duty on wheat will be a benefit to themselves. If the South African farmers knew as much about the result of high tariff protection as the farmers of Canada do, their influence would be on the side of Free Trade. At present South Africa is a wheat importing country, and the consequence is that South African farmers are receiving the world's price for their grain plus transportation charges, and the duty, which is now one shilling (24 cents) per 100 pounds under the British Preferential tariff and one shilling and two pence (28 cents) under the general tariff. The farmers of the coastal districts of Cape Colony are now receiving \$1.06 to \$1.08 per bushel for their wheat, while the grain growers of the interior, being nearer to the mining districts, which are the large consumers of wheat, are receiving considerably more. The wheat production of South Africa has increased much faster than the consumption during recent years, however, and statistics indicate that within a few years there will be a surplus production. When this occurs the position will be reversed, and instead of securing the world's price plus transportation and duty, the South African farmer will have to take the world's price less transportation charges. An import duty for the present increases the price of wheat to the South African farmer, but it is clear that it will cease to be of any advantage whatever as soon as South Africa becomes a wheat exporting country. There is a duty of twelve cents a bushel on wheat entering Canada, but this does not affect the price of wheat in this country, which at the present time ranges from 55 to 96 cents a bushel at Fort William, with a deduction of 6 cents to 18 cents a bushel for the cost of transportation from interior points to the lake front. In order to gain a temporary advantage the South African farmers are consenting to an increase in the protection given to manufacturers, which, in the light of Canadian experience, is astonishing. The manufacturers ask, to take only a few instances, for an increase of duty on general household crockery, sanitary earthenware, etc., from 15 per cent. to 40 per cent.; on school furniture and fittings from 3 per cent. to 25 per cent.; on carts, wagons and other vehicles from 25 per cent. to 35 per cent. or 5 pounds (\$25.00) per wheel; on ready-made clothing from 15 per cent. to 33 1-3 per cent., on agricultural implements from 3 per cent. to 15 per cent.; on printed matter from 25 per cent. to 100 per cent.; on flour from 54 cents to 96 cents per 100 pounds, and on leather goods from 15 per cent. to 25 per cent. In addition the manufacturers ask for an export duty on hides and other articles which are at present exported from South Africa. We cannot believe that if the farmers of South Africa realized the burdens which these duties will impose upon them, that they would for one moment consider that they were in the slightest degree compensated for by the doubling of the duty on wheat which they ask for, and which is evidently only a bait held out to them by the manufacturers in order to secure their support. If the farmers will obtain a higher price for their wheat by reason of the duty, it must be plain that the manufacturers will also be able to charge them higher prices for their goods from the same cause, and whereas the farmers will obtain the benefit for a few years only, while South Africa continues to import wheat, the toll which the manufacturers will extort will go on as long as the duties remain. Another surprising feature of the situation is that the South African farmers appear to believe that their interests and those of the millers are identical. Our own experience proves this is not the case. Farmers are consumers of flour, and though flour should be cheaper in Canada than in any other country in the world, it is actually dearer here in Western Canada, where it is produced, than it is in England, where much of the surplus is sold. The farmers of Canada sell their wheat at export prices, but the millers, being comparatively few in number and thus able to combine to fix prices, base the selling price of flour in Canada not on their own cost of production, but on the price of flour in the United States, with the Canadian import duty added. If the South African farmers assist the manufacturers to secure higher tariffs they will simply be delivering themselves up to the exploitations of the trusts and combines, which always grow up under the protection of a tariff wall. What the farmers of South Africa want, what the farmers of Canada want, and what all producers want is a lower cost of production, cheaper implements, cheaper building material, a lower cost of living—which can be secured under free trade conditions—and cheaper transportation for their produce. The Government of South Africa owns practically all the railways in that country, and it would be far better for the South African farmers to make an effort to secure a reduction of freight rates than to play into the hands of the manufacturers by asking for higher duties. We would like to see a deputation of South Afri-