

the Eastern Canadian factories. This is the logical conclusion of the argument which The News advances.

#### THE POLITICAL EFFECT

The News adopts a subtle line of reasoning in dealing with this subject, namely, that reciprocity would breed annexation because of the increase in trade it would promote, but the voluntary elimination of the American tariff on Canadian exports would not have the same effect. We consider this a most absurd line of argument. For the year ending March 31, 1912, Canada's exports to the United States totalled \$120,534,993, and the imports from the United States \$356,358,179. Our total trade with the people of the republic being \$476,893,172. Canada's total foreign trade with the whole world was only \$862,699,832, so that over half our total volume of trade was with the United States. Yet we are loyal and patriotic and no one suggests that we are in danger of annexation. Our volume of trade with the United States is steadily increasing. If trade means annexation then we are drifting inevitably in that direction. The only possible benefit that could come to the United States through annexation would be free trade. We are drifting towards free trade with the republic year by year and in proportion as our trade increases the possibility of annexation becomes more remote. If this is not so then Canada should at once double its tariff on American imports. If The News follows its own argument to its logical conclusion it must advocate that American goods be kept out of Canada entirely.

#### MARKETS FOR WHEAT

The News insists that there is no market for our wheat in the United States because the United States is exporting wheat. But The News should know that the United States has not exported any hard wheat for several years. Further, the fact that a country exports an article is no argument against the importation of the same article. Canada exports and also imports large quantities of fruit, agricultural implements, lumber and scores of other articles. As to bonusing the flour milling industry, we would ask The News to investigate the profits of the big flour mills and there will be no more talk of bonus. As to preference in the British market, we regard that as a myth. Even the Canadian Manufacturers' association has declared against any further preference on British goods and Britain is not fool enough to give us a preference for nothing. When Britain discards her policy of free trade it is time enough to talk preference. In the meantime, however, there is a standing offer of free trade in natural products and another for free trade in agricultural implements on the statute books of the United States that should be accepted at once in the interest of the people of Canada. Reciprocity is not by any means dead. The loss of the United States market last fall cost the Western farmers \$30,000,000, and will cost them as much or more this year. It will require something more than flag-flapping to square this injustice with the Western farmers.

#### COMPETITION THAT KILLS

The News challenges The Guide to show that the manufacturers of Canada through their mergers and unfair competition have forced any of their small competitors out of the field. We have selected the following figures from the census reports of 1891 and 1906:—

	1891.		1906.	
Manufacturers	Factories	Em- ployees	Factories	Em- ployees
Boots and shoes.....	5,398	18,041	138	12,035
Carpets .....	557	915	5	726
Carriages and wagons	3,336	9,056	368	4,751
Agricultural implem'ts	221	4,543	88	6,711
Furniture .....	1,286	7,180	181	7,370
Tanneries and Leather				
Finishers .....	802	4,287	183	3,274
Harness and Saddlery	1,567	3,189	182	1,947
Woollen goods .....	377	7,156	129	4,252
Cotton goods .....	23	8,635	20	10,214
Rubber Goods .....	19	1,388	9	376
Fancy goods .....	47	230	4	75

These figures show beyond dispute that many manufacturers have been throttled by other agencies than tariff reduction. Anyone travelling through the small towns of Ontario and the Maritime Provinces will see scores of factories vacant that formerly provided employment to thousands of workmen and gave a "home market" to surrounding farmers. These factories have fallen by the wayside in the industrial evolution of the country. It has not been a case of tariff. Many of them have probably been forced out by the introduction of newer methods and consequent lower cost of production, which is to be expected. But many others have been ruined by the ruthless competition of the big industrial organizations of Eastern Canada who, having grown rich and powerful, killed on the small competitors by "dumping" their goods at "slaughter prices" into the local market. As soon as the small manufacturer was forced out of business the combine again put up the prices to "all the traffic would bear." The News should ponder over these facts and should remember that commercial war is as devastating and its promoters as merciless as the wars and military conquerors of the middle ages. There is no "live and let live" doctrine in the hearts of the big combine and merger captains. Their's is rather "live and let die." In the mad race for wealth and power they care not what they trample under foot.

#### PROFITS FROM PROTECTION

The News asks:—

"The Guide accuses the manufacturers of prospering at the expense of the masses. Can the Guide name any industrial concern that is earning more than the Grain Growers' Grain company? According to the annual report of that enterprise it is making a profit of 20 per cent. per annum on its capital."

Certainly we shall be delighted to name several "protected" concerns who are making more than this. But first we would like to point out that the Grain Growers' Grain company from the very nature of its business cannot profit from the tariff. Further, there are 13,000 shareholders in the Grain Growers' Grain company and this profit was made by handling their grain in the face of fierce and oftentimes unscrupulous competition of the big grain and elevator interests. Neither does the Grain Growers' Grain company contribute to election campaign funds in the expectation of legislative favors.

Now, as to the industrial concerns earning more than 20 per cent. We will take first the William Davies company, of Toronto, the president of which, J. W. Flavell, is commonly credited in Toronto with having assisted in the purchase of The News when the present editor took charge of the paper. In 1907 the William Davies company was in litigation and one of the officials made a statement of the profits of the company which was published in the Toronto papers at the time, as follows:—

1893.....	65 per cent.	1900.....	69 per cent.
1894.....	34 per cent.	1901.....	27½ per cent.
1895.....	40 per cent.	1903.....	15 per cent.
1896.....	45 per cent.	1904.....	30 per cent.
1897.....	100 per cent.	1905.....	41 per cent.
1898.....	120 per cent.	1906.....	25 per cent.
1899.....	82 per cent.		

The average profits of the William Davies company for the 13 years was therefore 53 per cent. This seems a good working profit.

Then we will take the Lake of the Woods Milling Co. which, according to the Monetary Times, of Toronto, made 80 per cent. profit in 1902. We have not the record of their later years at hand but presume this is enough. Finally, let us examine the Dominion Textile company. In May, 1908, this company cut the wages of its employees 10 per cent., giving as its reason that the cotton industry did not receive "sufficient protection." A strike resulted and W. L. McKenzie King was appointed commissioner to investigate. His report is published in a government blue book. He had the secretary of the company give evidence and that

official stated that the company was then paying 50 per cent. profit on the common stock. Yet they reduced wages and cried for more tariff. These are three concerns that benefit by the tariff and pay bigger profits than the Grain Growers' Grain Co. If The News wants more probably we can oblige them.

#### THE PATRIOTIC ARGUMENT

The News tacitly accuses The Guide of wanting in patriotism and pleads with The Guide to assist in the "patriotic development" of a "variety of industries." Now, let us examine this patriotic argument and see where it leads us. Let us in the beginning look at this list of foreign corporations with their paid up capital:—

Demerara Electric Company.....	\$ 425,000
Mexican Electric Light Co. ....	6,000,000
Mexico Tramway Co. ....	16,487,400
Mexican Light and Power Co. ....	19,585,000
Mexican Northern Power Co. ....	12,600,000
Mississippi River Power Co. ....	22,000,000
Monterey (Mexico) Light & Power Co. ....	4,600,000
Pachuca (Mexico) Light & Power Co. ....	4,000,000
Cuba Railroad company .....	16,126,000
Mexico North Western Railway Co. ....	25,000,000
Minneapolis, St. Paul & Soo Ry. ....	31,248,000
The Camaguey (Cuba Light & Power) Co. ....	1,000,000
The Detroit United Railway Co. ....	12,500,000
Duluth-Superior Traction Co. ....	5,000,000
Illinois Traction Co. ....	15,273,300
Porto Rico Railway Co. ....	3,500,000
The Rio de Janeiro Tramway, Light and Power Co. ....	40,000,000
Sao Paulo (Brazil) Tramway, Light and Power Co. ....	10,000,000
Trinidad Electric Co. ....	1,164,000
	<b>\$246,508,700</b>

This is a huge sum of money invested in foreign enterprise. But the amazing fact is that it is mostly Canadian money. There are Canadian financiers on the boards of directors of every one of these companies. We are surprised to find in this list of directors the names of Sir Edmund Walker, E. R. Wood and Z. A. Lash, all of Toronto. These are three of the "noble eighteen" whose "patriotism" was so strong that they deserted their party and fought might and main against reciprocity last fall. Mr. Lash even organized the Canadian National League to "save Canada" from the crafty Yankees. Mr. Lash's name is on the directorate of several of these large foreign corporations. Other names are Sir William Mackenzie, Sir Donald Mann, Sir Henry Pellatt, Sir Max Aitken, Sir Wm. Van Horne, Sir Thomas Shaughnessy, Nathaniel Curry (President of the Canadian Manufacturers' association), H. S. Holt (Director C.P.R.), A. E. Ames (Toronto financier), R. C. Brown (Toronto Financier), D. B. Hanna (vice-president C.N.R.), J. H. Plumer (president Dominion Steel Corporation). These gentlemen have taken a part of the millions they have accumulated in Canada and are now using it to develop foreign enterprises and thereby assisting foreign producers and manufacturers to compete with Canadians in the great "home market." These gentlemen are all aware of the great need of manufacturing establishments and railways in Canada to help build up a "well rounded Dominion." They made their money in Canada largely by the aid of special legislation, and yet, knowing the great work necessary to build up a Canadian nation, as The News has so ably demonstrated, they have deliberately sent their money into foreign and some half-civilized countries. Many of these gentlemen have been held up to us in the past by The News as paragons of patriotism. We just wish to ask The News a question which can be answered by "yes" or "no." Are these gentlemen patriots? If so, then why is the free trade farmer who wishes to buy and sell to the best advantage not equally patriotic? If these gentlemen are not patriots, then why does not The News, the leading journalistic exponent of patriotism, expose them and show them up in their true colors. This is a plain question and deserves a plain answer without any equivocation or beating about the bush.

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