

PUBLISHED EVERY FRIDAY

BY

The Monetary Times
Printing Company
of Canada, Limited

Publishers also of

"The Canadian Engineer"

Monetary Times

Trade Review and Insurance Chronicle
of Canada

Established 1867

Old as Confederation

JAS. J. SALMOND
President and General Manager

A. E. JENNINGS
Assistant General Manager

JOSEPH BLACK
Secretary

W. A. McKAGUE
Editor

Canada's Export Machinery

Comparison of Methods Adopted in United States and in Great Britain—
Export Association Favored on this Continent—Export and Import Com-
mission Houses of Great Britain—Government Credits Merely Temporary

BUSINESS sense, as well as wider public opinion in Canada, is turning to foreign trade, according to the Canadian Trade Commission. There is a growing belief, it is becoming widespread, in fact, that exports will be necessary for the maintenance of our prosperity. The idea has appealed to the working-man as much as to the merchant. This, says the Commission, is the most gratifying feature of its endeavor to put informative news before the public on these new trade conditions of our national life.

While placing the numerous sub-sections of orders secured under the Canadian credits accepted by European governments, the Commission has not ceased to keep before business men and workers of all grades how vital it is that these particular orders should not be regarded as the "be all and end all" in the Canadian attitude towards the markets of the world. Rightly viewed, they are only a beginning. They should not be looked upon as anything more than a war-created opportunity. In themselves they will not make for permanent trade, but they will open the door, and, metaphorically, open the minds of the people to possibilities. When the credits are exhausted, the reason for a continuance of foreign trade will remain as imperiously as ever. Throughout the allotment of these orders the idea has been steadily impressed that from the first, as organizations are built up—and there are already numerous trade groups formed into associations for co-operative export business—they should be arranged so as to expand when a "follow up" is required.

Unexpected success has attended the forming of these trade groups. Manufacturers of Canadian goods have displayed a strikingly prompt willingness to drop the old idea of cut-throat competition so far as the export field is concerned, and to take up instead the newer method, which war taught us was best, of co-operation to obtain foreign orders, and to leave it to the collective good sense of groups to subdivide them fairly. This is a great advance. It uproots in one essential the older idea. Yet the spirit will have to be given still greater expansion.

The size of European orders in prospect in the next few months is such that only by this non-competitive co-operation could they really be secured for the Dominion. Continuance in this will connote the building up of an export machinery on a scale which has hitherto not come within the scope of national consideration. What is this needed machinery for foreign trade? It consists in the establishment and perfection of a chain to link Canadian manufacturers and producers with foreign firms through the medium of specific exporting and importing houses for, in some cases, joint buying, and in others for joint selling. Few firms in any country can afford to establish foreign branches. The main mass of foreign trade must be done through some organized channel, and in a manner which conforms with the best usage of the world's long experience.

United States Methods

Very brieky it may be said that there are two methods of working, both of which, by a coincidence, are open to Canadian business men so far as British and colonial trade is concerned under the Empire preference, in a way in which they are most certainly not open even to their nearest American competitors. The first method, that generally adopted in the United States, is by the establishment of large export associations. It means really the building up of a direct overseas sales system. The drawback to this method, where only a limited number of manufacturers is concerned, and many divergent markets in different parts of the world have to be considered, is the relatively great initial expense. Yet it seems to appeal especially to the American pushfulness.

A writer in the "Exporters' Review," however, put the difficulty very shortly when he said:—

"A careful boiling down of all the papers written on the subject of American foreign trade and the optimistic predictions made for our export opportunities fail to show in the final crucible how the manufacturer could carry on a direct business in foreign climes and eliminate the credit risks and the responsibilities which have been a deterrent factor in the upbuilding of a large volume of overseas business. It is indeed strange that the position of the old-established and well-recognized export specialty—the export merchants—was entirely overlooked. It cannot be impressed too strongly upon the manufacturer that he must not look upon his export trade as though the present demand is an opportunity to exploit a temporary bonanza. This would be a very serious mistake. We should view the gradual development of this business as a means to an end, a permanently established foreign demand for goods."

British Method

The quotation brings one to the second, or British, method. It differs altogether from the so-called American system in that the manufacturer never enters into direct relationship with his ultimate customer abroad. It is the growth of centuries of foreign commerce, and has taken forms which may roughly be divided into two parts, though both shade into each other by numerous modifications of the two main systems. First, there are the large commission buying houses established in England receiving foreign "indents" from importers all over the world, which they distribute among British manufacturers for the best fulfilment of the particular class of goods required. They do not necessarily place a whole "indent" with one manufacturer, but split it up as convenience suits. The second sub-division is formed of the export commission houses and "merchant-shippers" who undertake the whole work of shipping British manufacturers' goods into a dozen different countries. Really they act in the same way as an export department of one