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# The Grain Growers' Guide

Winnipeg, Wednesday, April 10, 1918

## Mr. Parsons' Reply

We are pleased to give space in this issue to a letter from S. R. Parsons, president of the Canadian Manufacturers' Association in reply to our editorial article in The Guide of February 27. Mr. Parsons, it will be remembered, made a speech before the Canadian Club at Orillia, Ont., which was widely published throughout Canada. It seems that The Guide was the only paper which challenged some of the conclusions arrived at by Mr. Parsons. In his reply in this issue, Mr. Parsons elaborates some of his points and breaks some new ground on a question which is of paramount importance in Canada to-day. In his opening paragraph, Mr. Parsons says:—

Suppose we at once get upon a platform of absolute sincerity and frankness. I always think that no actual progress can ever be made, in case of any misunderstanding or divergence of views, unless each party is prepared to come right out into the open and not try to twist or attempt to turn to unfair advantage what another has said.

We can heartily agree with every word of this, in fact we believe that most readers of The Grain Growers' Guide will not accuse us of any shortage in either sincerity or frankness. Furthermore, the organized farmers of the West, we believe, have always been on that platform. If Mr. Parsons in his official capacity of president of the Canadian Manufacturers' Association is prepared to accept his own basis of discussion great headway can be made. But in all frankness we must say, and facts will bear us out, that the Canadian Manufacturers' Association has never adopted this policy in the past. Our readers will remember the famous conference between the chief officials of the C.M.A. and the Canadian Council of Agriculture, which took place in Winnipeg in November, 1914. Mr. Parsons was not present at the meeting but he will surely know of it. Any one present at the meeting will agree that the farmers' representatives were frank and sincere. It cannot be said, however, that the manufacturers' representatives were equally frank. The big difference of opinion and difference in policy between the organized manufacturers and the organized farmers is on the protective tariff question. The organized farmers are "right out in the open." They could not be any more in the open and they could not be any more frank and sincere in their attitude. They claim that the protective tariff places an unfair burden upon the people of Canada to the express and decided advantage of the manufacturers. The Manufacturers' Association, on the other hand, have never shown any disposition to discuss the merits of the tariff with the farmers.

It will not be denied by any well-informed student of Canadian affairs that the organized manufacturers of Canada for the past 25 years have maintained the high tariff largely through their political and financial influence. In the olden days there was the famous "red parlor" institution of Toronto. Here, it is claimed by men who are in a position to know, the manufacturers met with the government or leaders of the government in secret. The manufacturers asked for tariff increases and made their donations to the political campaign fund of the party in power in return. It was a crude and cold-blooded method of taxing the people of Canada for the benefit of the protected interests. Now, it is generally believed and accepted both among farmers, business men and city dwellers throughout Canada that

this same method is continuing right up almost to the present time.

If Mr. Parsons refuses to credit this, he must admit certain facts. He must admit that the organized manufacturers have not worked in the open and yet they have been able to get from governments, both Liberal and Conservative, practically whatever they wanted for the past 25 or 30 years. It is a very reasonable thing to assume that if they did not work in the open they must have worked under cover. We are quite prepared to admit that they worked to good advantage, in fact we take off our hat to the organized manufacturers in admiration of the success of their efforts. Now, if Mr. Parsons' views are held by the Canadian Manufacturers' Association to-day, the whole system is to be changed. The manufacturers are coming out in the open. We hope Mr. Parsons is correct and that he will be able to lead the great organization of which he is president right out into the open and bring it upon the platform of absolute sincerity and frankness.

Let us consider some of the points in Mr. Parsons' letter in reply to our article:—

1.—We certainly consider the impression left by Mr. Parsons' speech was that the farmers' profits were greater than the manufacturers' during the war. We are willing to accept the view that he now expresses. He claims that the farmers' profits for a series of years have averaged at least as high as the manufacturers'. No absolute figures are available in this country to prove the truth or otherwise of this assertion. Figures and facts available, however, indicate that Mr. Parsons is wrong. If not, Mr. Parsons ought to explain why thousands and tens of thousands of farmers have left their farms in Ontario and the eastern provinces while manufacturing has, at the same time, greatly increased in the same places. If the farmers were prospering, we assume they would have kept on farming. Now, these are the facts and if they do not upset Mr. Parsons' theory of equality of profits, then he should explain away these facts which cannot be disputed.

2.—Mr. Parsons places the farmers' companies of the West, and we believe with all sincerity, in the same category with the big manufacturing and commercial institutions of the East from the standpoint of profits. But there is a fundamental difference between the two which the financial mind cannot or will not see. The three farmers' companies in the West have approximately 55,000 farmer shareholders. These shareholders market their grain through their own company and these companies have made large profits. But these profits go back to the shareholders who produce the grain on which the profit was made. Furthermore, no farmer can hold more than \$1,200 in stock in any of the farmers' companies, while the average amount of stock held by each farmer shareholder is less than \$100 and each shareholder has but one vote at an annual meeting regardless of the amount of stock he holds. This absolutely prevents any concentration or control of these companies by any self-seeking group of farmers.

These farmers' organizations are mutual concerns for the marketing of their own produce. There is not a big manufacturing company in Canada on the same basis. The most of them are controlled by a comparatively few men each, and the profits given to a few men, many of whom have become vastly wealthy. Now, if the profits of these big manufacturing companies were

paid back to men who buy their manufactured goods on the same basis as in farmers' companies, there would be very little complaint about the profits and there would be absolutely no concentration of wealth. Mr. Parsons intimates that if the farmers' companies wanted to they could water their stock on account of their huge earning power. He is no doubt right, but herein lies another fundamental difference. The farmers' companies are not seeking to take advantage of the public by issuing watered stock. They are "out in the open" while the watered-stock method of doing business is confined exclusively to the manufacturing and commercial institutions. Furthermore, the watered-stock method, which we think Mr. Parsons will agree is highly immoral, is almost exclusively employed by manufacturing concerns who enjoy the benefits of the protective tariff. In fact, it is the protective tariff which permits them to issue watered stock.

3.—There is not very much difference between Mr. Parsons and the organized farmers on the taxation of extraordinary profits, no matter whether these profits are made by farmers or by manufacturers. But in addition to this we believe all profits must be taxed before this war is paid for. It is true that such taxation will have to be levied carefully and wisely and with the least injury to business and to agriculture.

4.—Mr. Parsons' explanation of the German situation does not get away from the fact that Germany at the present time is a highly protected country. That protection is largely afforded by the British navy and the Allied artillery. Germany can neither ship goods out nor bring them in. From the protectionists' viewpoint that is what makes Germany prosperous. If not, why not?

5.—We are glad that Mr. Parsons absolves the organized farmers from any accusation of "unworthy socialism." We are glad to accept his statement.

6.—In regard to the tariff being a tabooed question during war time, there is considerable mystery on this point. Whether the Union government was organized on any special pledge to leave the tariff alone we do not know. There has never been any government announcement to that effect. The government is responsible to parliament and could hardly bind the members of parliament. A number of western farmer candidates in a public statement before the election agreed to forego the fulfilment of the farmers' platform on the tariff, provided adequate taxation methods were adopted to bring into the public treasury the extra profits being earned by the protected interests on account of the tariff. Further than this we know of no agreement which places the tariff question on the shelf. At any rate it will be a matter of public discussion and agitation in Western Canada at least.

Mr. Parsons we do not think is quite sincere and frank where he points out that tariff reduction will practically ruin our manufacturing industries, transportation and banking institutions. He must either mean that the manufacturers are not prepared to consider any tariff reduction at all or that there is absolutely no merit in the claims of the organized farmers. If he means that the tariff must remain where it is, then he claims that the farmers of Canada must pay special taxes for the benefit of the manufacturers, banks and transportation companies. It is idle to attempt to frighten the organized farmers with such claims.