

AT THE EXPENSE OF THE CANADIAN CONSUMER

The platform of the Liberals calls for increasing the British preference from 33 1/3% to 50%. This raises a very important question—namely, as to the ratio of preference necessary to divert trade to Great Britain without sacrifice to the rights or interests of Canadian consumers. It will, we think, be generally admitted that the main object in granting a preference in trade is to divert goods from one exporting channel in Canada to another exporting channel—for example, to favour purchases from Great Britain rather than from other countries. Well, then, take the case of goods of a class or kind not manufactured in Canada (and there are thousands of such lines of goods) and which can be, and are, supplied to us from the United States and Great Britain, and assume, for the sake of argument, that the duty against the United States would be 35% and the rate on goods from Great Britain 17 1/2%.

The Canadian Consumer Pays

A preference of 10% would be sufficient in most cases to turn the trade in favour of Great Britain, particularly in view of the exchange being in favour of Great Britain and against the United States and that such differences in exchange operate as an increase in preference to Great Britain. Who benefits by the excess preference over the ratio necessary to divert trade to Great Britain?—certainly not the Canadian consumer! The British manufacturer or merchant, knowing that the United States competitor had to pay a duty of 35% while British goods were rated only at 17 1/2% would not be at all likely to give the Canadian consumer the advantage of the extra preference over what was necessary to capture the trade. The Britisher would simply pocket the difference at the expense of the Canadian consumer.

FAR-REACHING INNOVATION IN THE U. S. CUSTOMS TARIFF

A very striking feature of the new customs tariff which has passed the House of Representatives of the United States and is now before the Senate of that country is the standard of value imposed to be made applicable to imported goods.

For forty years, or longer, goods imported into that country have been valued for customs duty at the value at which they are sold in the ordinary course of trade for home consumption in the country of export at the time of export. The new standard proposed to be set up fixes the value at the price at which similar goods to those imported are sold in the United States at the time of importation.

This is a most extraordinary innovation which will be far reaching in its consequences. If United States manufacturers take advantage of the situation, they will inflate their prices to the extent of the customs protection and the importer will be obliged to pay the customs tariff rates on such inflated prices, including protection. It will be seen, therefore, that the proposed customs tariff will be equivalent to a tax on a tax.

PUPPET OR PREMIER?

The Regina "Leader", one of the strongest Liberal newspapers in the West is apparently in accord with our view that British Parliamentary institutions have been set at naught in Alberta. In the course of an editorial of July 29, under the caption "Puppet or Premier?" it says:

"Will he prove himself as leader of the Government sufficiently strong to overcome the power that stands behind his throne? One of two things must happen. The next premier of Alberta must throw overboard the platform of the United Farmers, which requires the members of the Legislature elected on it to be at all times answerable to the organization or he must submit to and act upon the thoroughly vicious and un-British principle that the Government is responsible not to the people who elected it, but to a close corporation dominated by a political boss."

"The situation in Alberta is in many respects similar to that brought into being in Ontario, when Mr. Drury was made premier and Mr. Morrison attempted to retain undisputed leadership of the United Farmers of Ontario and to dictate to the premier."

"There is evidence of widespread regret that Mr. Wood did not see his way to accepting the offer of the premier'ship. As premier, Mr. Wood would have been able to boss himself, which is every man's right. Whether rightly or wrongly, a suspicion has now been created that he prefers to shirk responsibility morally his, while retaining the power which should depart from him with his refusal of the high office that he was pressed to accept."

THE FARMERS' LEADER ON THE LIBERAL LEADER Or, How These Progressives Love One Another

A recent issue of the Farmers' Sun contained an interview with R. W. E. Burnaby, president of the U.F.O., in reply to Hon. W. L. Mackenzie King's speech in Aurora.

In the course of his remarks Mr. Burnaby said: "The trouble with King is that he takes the same attitude that all other politicians do."

He says, "I am running, and so such and such should be done. That is not the right attitude to take. It is the people who are the chief factors. It was the people of North York who asked me to run. It is not I myself who am running. It is the people who are to be considered, and not Burnaby."

Working in the Dark

Moreover, under the proposed system, the importer is faced with the difficulty of doing business and making quotations without having any idea as to what his ultimate cost will be. At the time of purchasing his goods abroad he will not be able to determine, with any degree of accuracy, what the sale price of these goods will be in the United States at the time of importation.

Further, if the Bill passes in its present shape there will be varying values established throughout the United States instead of uniform values as in the past, based upon the selling price in the country of export. For instance, importations made at the Port of New York will vary in value from importations made at Chicago, and San Francisco, according to the variation in prices prevailing in these different and widely separated places.

It will be apparent that this new method of valuing imported goods constitutes greatly increased protection over the established tariff rates.

VIEWES OF A LIBERAL PAPER The Edmonton Morning Bulletin (July 24), Liberal, says:

"The party caucus is an institution which United Farmer speakers used to regard with peculiar horror and denounce as a menace to democracy. The closed door was to them the symbol of jobbery and the private gathering of representatives elected on a common platform a survival of the bad old days and ways of the party regime which was to be swept away and a new order of things introduced in which all that pertained to the conduct of public affairs would be said and done in the full blaze of unobstructed and uncolored publicity."

"Yet the elections which put the United Farmers in control of the provincial legislature had not been twenty-four hours passed until arrangements were under way for a caucus of the U.F.A. members. The gathering was held this week in Calgary. It was held behind the supposedly ominous closed door."

"Whether the caucus is proper or improper, good or bad, publicly desirable or politically dangerous, apparently depends on who does the caucusing."

"It is to be suspected that this is only the first of a long series of inconsistencies into which circumstances will force the U.F.A. as it pursues its political course."

"The party caucus has come to the U.F.A. to stay; that is, unless the local recall committees take offence and begin to use 'the hook' on the elected representatives for meeting behind the closed door."

"Moreover, King seems to think the United Farmers should quit because the Liberals had a man in the field first. In the provincial fight in 1919 the farmers had a man in the field first, but the Liberals put up a man later."

"We, as United Farmers, have no connection with the Liberals, and don't care what they do. Of course, King would like us to quit. He would like Armstrong to quit and give him the seat by acclamation. As far as I am concerned, it is the people of North York to whom I will listen, and not the Hon. Mr. King."

The business men of Montreal whose views are usually reflected faithfully in the Montreal "Gazette" and Montreal "Star" are evidently of the opinion that the sooner Ontario and Quebec forget their squabbles and join hands, the better for the sake of the whole of Canada. So say we all.

NOTES and COMMENT

The trouble with the Hon. Mr. Biggs, Premier Drury's Colossus of Roads, seems to be that he spends the money but doesn't deliver the roads.

Meanwhile it is a pathetic thing to see Leader Crerar teaching Leader King to sit up on his hind legs and beg.

As time goes by we begin to see the true significance of the play in which Mackenzie King is cast as leading Juvenile and Mr. Fielding as heavy father.

When a member of the National Progressive Party winks the other eye you are to understand that he keeps the wheat to sell and the chaff for public utterance.

Mr. J. J. Morrison having challenged the city to tread on the tails of his coat, and Mr. Crerar having practically asked the East to do the same thing to the West, people of moderate opinions are suggesting that the thing might be feasible enough.

Some question having arisen as to Mackenzie King's place if the farmers win the game, we are authorized to state that Mr. King will be allowed to play in the backyard.

Leader King wears the misfortune to confront two candidates in North York—a Conservative and a U.F.O. This is what is known in literature as the Infernal Triangle.

The reason that so much talk comes out of the West is that the wheat has a thousand ears and they all listen.

Having failed to suggest one good reason why Premier Meighen should not cross the Atlantic Ocean when the nation's business calls him, the Opposition press now apprehends that he may get his feet wet. We hasten to say peace-be-still to these alarms.

While Leader Crerar preaches democracy some people suspect that it is an Alfalfa Autocracy he has at heart.

The Hurons and the Iroquois buried the hatchet at Penetanguishene the other day. In Alberta the practice as between old friends like the Liberal party and the U.F.A. is to bury the hatchet—in the other fellow's head.

Leader King asks the U.F.O. candidate in North York to step aside. A request that reminds us of the old story of the man who was pursued by wolves. In his headlong flight he overtook a Jack rabbit. "Durn you," he said as he kicked it out of his path, "Get out of the way and let somebody run that can run."

THE GRIST MILL

Quebec has just gone through a plague of grasshoppers. It will have some idea now of what the United Farmer movement feels like in the other provinces.

The praying mantis has invaded Ontario. If this bug lives up to its name it will pray that Ontario be delivered from all the other bugs, including the U.F.O. which is the biggest bug of all.

The Liberal leaders have been flying about a lot lately and the hope is expressed that they will light somewhere soon.

All the Reds in the country believe in capital punishment. That is to say, they would punish the capitalists by taking their money away from them.

Leader King is said to be in great doubt—whether he is on strike or whether Leader Crerar is operating a lock-out.

If the Finance Minister seeks more tax on all politicians who look both ways for Sunday whenever the tariff is mentioned?

Meanwhile we are inclined to distrust statesmen who do not come out plump and plain. The angler with a good catch of fish doesn't go home by the back alley.

A bit of advice to demagogues. If you have the Reds on your side tonight, you will have the blues the morning after.

Horrid Thought No. Thirteen.—If Leader King is defeated in North York, will the Liberal party in the House of Commons go back to the old way of playing the game—by signs from the gallery?

With a hard winter approaching, we would suggest that Premier Drury trade that hundred dollar coal-scuttle which adorns his office for six tons of anthracite coal to give to the poor.

We are told that the United Farmers regard the tariff more in sorrow than in anger. Ah, yes, but their sorrow is liable to be so consuming.

THE "BUSINESS" ENTERPRISES OF THE ONTARIO GOVERNMENT

The following article is quoted with approval from "The Financial Times," of Montreal:

The Ontario Government has decided to drop its million-dollar scheme for the construction of a provincial cement plant, the appropriation for which was passed recently by the Ontario Legislature. The dropping of this project, which if carried out would have been the greatest single act of legislative folly in Canada during the year, might at first sight be taken to mean that the Farmers' Government in Ontario is coming to its senses, but we fear that no such favorable interpretation can be put upon it. The bald fact is that the scheme has been dropped not from any budding conviction that the function of a government is to govern rather than to enter into business, but out of sheer fright at the financial outlook. The Farmers' Government, which promised all kinds of reforms and retrenchments, is proving to be the most profligate government in the matter of spending that Ontario has ever had. The extent of its commitments is appalling. For part of this, it is true, it is not responsible. It inherited those twin white elephants, the Hydro and the Provincial Railway, but instead of proceeding cautiously and finding out the real truth about the financial basis of these enterprises, it forgot all about retrenchment when once in office, and launched forth on the spending of money on an unprecedented scale.

The Roads That Biggs Built

It is now calculated that during the present year the Ontario Government will have to raise between \$2,500,000 and \$3,000,000 monthly for roads (including the roads that Biggs built) hydro construction and other projects to which the Province is committed. That is what the meddling of Governments in business enterprise means. At the end of the year the Provincial debt will amount to about \$200,000,000. How unnecessary the incurring of this debt is to progress and development is best illustrated by contrast with Quebec. The provincial debt of Quebec Province amounts to no more than \$38,531,757, and of this no less a sum than \$25,153,108 is represented by expenditure on road building, which indirectly is being paid back over and over again by the development which good roads foster. Furthermore, despite the war and high prices, the obligations of Quebec show no substantial increase.

HIDES AND SHOES

With characteristic audacity in his speech at Strathroy in July, Dr. Michael Clark exclaimed "Hides in the North-West are down to 1/2c, a lb., but boots are still \$16.00 a pair." As a matter of fact, the tanners at Acton, Kitchener, Huntsville and elsewhere are piled up, mountains high, with unsaleable leather. The tanners have had to take enormous losses like the sugar refiners, the oil men, the pulp manufacturers and all others. What is really gained by such meretricious bombast of the Doctor. No doubt it brought loud applause from the thoughtless, and "split the ears of Clark's pretensions to oratory and logic should have been above it."

Hides simple truth is the way, was due to the great and abnormal demand of Europe. It was not the tanners' fault that the price was high. England bought up the world's supply of leather, as she did of pretty nearly everything else, and fixed the price universally. Such is the power of the purse!

To save the National Treasury she later on "dumped" her surplus stocks on the market and, in a twinkling, leather, rubber, wool, copper fell, bringing ruin to millions. It could not be helped. It formed part of the cost of the war. The North-West has Free Trade England to blame for the present price of hides. The Ottawa Government certainly had nothing to do with it, and it was demagogism to leave such an inference open.

But who buys these \$16.00 shoes? The farmers? Ask the average dealer! It is folly to buy such shoes, of course, but it is not the farmer who buys them. They are bought almost invariably in the large towns and cities, by free men and women who would resent any criticism of their personal expenditures.

As a matter of fact, good serviceable shoes can be bought at present for between \$4 and \$5, and the profit on them to the manufacturer works out at about 10c. a pair. The average profit in boot and shoe manufacturing is about 5% on capital invested.

The latest exorcism given by the militant yeomanry of Alberta is that being a Stewart, the former Premier just naturally had to be beheaded.

Wood the Missourian declines to become Premier of Alberta. His refusal displays great presence of mind and some delicacy.

Ever Increasing Liability

Of course, it is true that in Ontario the Hydro and the Provincial Railway are revenue-producing services, but they are backed by Government guarantees that are every day becoming a heavier liability. Only this last week the Drury Government has been compelled to add seriously to these liabilities by guaranteeing the \$13,500,000 of Hydro bonds necessary to swing the deal for the transfer of the Mackenzie power and the real interests to the Hydro Commission and the city of Toronto. The Government is now faced with the prospect of guaranteeing another \$600,000 of bonds for the rehabilitation of the Metropolitan Railway. This it has refused to do, but how it can make fish of one phase of the Hydro project and fowl of another is difficult to see, for the Hydro Commission has never gone into the market with its own unguaranteed bonds, and would undoubtedly find it very expensive if not prohibitive, to raise \$600,000 on its own. Meanwhile, as the huge Chippawa power project nears completion, it is gradually being realized that it provides 1,000,000 horse power more than there can be any possible call for in Ontario, and that unless Ontario helps its American competitors by exporting this power to Detroit the cost of supplying the residue to Ontario consumers will be so heavy that the rate must either be increased to a prohibitive figure, or it must be added away below cost and the deficit supplied by the taxes.

Ontario citizens are being burdened with heavier and still heavier taxes to support the business enterprises of the Government. Premier Drury is rather proud of the fact that his Government has been able to increase the revenue by over \$5,000,000, "without resorting to direct taxation," which he apparently has in mind. Quebec, in happier circumstances, may well rejoice that its Provincial Government has had the good sense to steer clear of State business—or rather State bankruptcy—enterprises. It may be that Quebec will profit by something more than the example of the Ontario Government, for, as Sir John Willison has publicly warned the Ontario Government, if taxation continues to increase, the position of many industries in Ontario may be unfavorably affected, and the movement of factories may be towards Quebec Province. Indeed, many can see signs that that movement is already under way.

An "Outside Guard."

The Montreal Star in a striking editorial, referring to the refusal of Mr. Burnaby to give way for Mr. Maxkenzie King, wrote inter alia:

"There is a French group in politics; and Mr. King might as well admit that he is—not its leader, not in a million years—but its tolerated 'outside guard.' Naturally so vigorous and independent a movement as the United Farmers has no respect for him or for the Falstaffian army he marshals beyond this province. They will not even give him the courtesy of a seat—something awkward political opponents have given before now to a serious party leader."

"But this French group? King is it tied to the tail of Mr. King's falling kite? He is a low tariff man, with free trade affiliations. Quebec believes in an adequate tariff with humming home industries. He is a Government-ownership-of-railways man. Quebec believes that private ownership is a necessary incentive to ensure effective railway operation. He has nothing to offer Quebec but the memory that he was a futile and almost ridiculous passenger in the Laurier chariot. Is that memory sweet enough to seduce the leaders of Quebec into helping the Western Quebec to close our youth into the beckoning industrial centres of New England?"

QUEBEC DOVE COTS

Down in Quebec there is much fluttering in the political dove-cotes. The men who live, move and have their being by and through politics have been scared out of their boots by the success of the United Farmers in Alberta. Their gloating over Medicine Hat was quickly transformed into fear when the Liberal Government was told to get out, bag and baggage, by the farmer.

Just so long as the organized farmers limit membership in their organization to farmers, just so long will they be unable to reply successfully to the charge that they are banded together for essentially selfish purposes.

Privately and under their breath the Liberal leaders are cursing the United Farmers; publicly they are fawning on them. It is a sad, sorry spectacle.