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for the present condition of ocean tonnage must be blind to the true condition of affairs. There never was a time when there was greater necessity for ocean tonnage than at the present and this Government have refused absolutely to deal with the matter in an efficient and business-like manner. So much so that the British Government have taken up the matter of ship building in Canada through the Imperial Munitions Board here.

18. Obtained a preference for Canada in the matter of British and Allied purchases.

18. Failed to recognize Canadian manufacturers in furnishing war supplies and handed over fat contracts to American firms out of one of which J. Wesley Allison, Benjamin Franklin

19. Rendered effective aid to Western farmers at a critical period, thus ensuring an expansion of production at a time when increased production was an essential in the conduct of the war.

20. Is entering upon a most generous scheme of land settlement and vocational training for returned soldiers at the conclusion of the war.

Yoakum, and their confederates gobbled up a commission of \$1,000,000.

19. Simply followed the precedent set by former Canadian Governments in assisting Western farmers with seed grain, etc., to enable them to pursue their farming operations. These Western farmers were however refused free agricultural implements and an open market in the United States which if given them would doubtless have increased greatly the production of Western Canada.

20. This is purely problematical the scheme has not yet been submitted.

### THE DISTRIBUTIVE FALLACY.

IT IS frequently, if not generally, overlooked that protection is based largely on a psychological appeal. A manufacturer or producer is encouraged by the sophists of the theory to emphasize the productive side at the expense of the consuming side, upon which the cooperative nature and commercial value of trade are based.

A producer exchanges his surplus with a large number of other producers, that is, in return for his surplus he receives a portion of the individual surplus of others. Constant attention to his own production and the expenditure on this work of the greater part of his conscious organized energy impresses him with an exaggerated idea of its pre-eminence. He is inclined to look more closely at what he receives in return for his particular surplus than to closely study the prices of the goods upon which he expends the money received for his own goods. It is this fact that gives the protectionist his opportunity of impressing upon the producer the false idea that money received is of more value than what the recipient can buy with it.

Protection appeals to the individual producers of a nation to regard gain as the sole test of sound economy. By taking each particular trade the protectionist is in a position to illustrate the alleged advantages of his theory in the light of larger gains to the capitalist or the worker. It is an appeal hard to resist. Would not a high tariff on the importation of agricultural machinery, for example, benefit the capitalist and raise wages by creating a monopoly of the home market? is asked. Would not the surplus be available for export? asks the protectionist of the makers of agricultural machinery. It would, certainly, if prohibition of import existed for the makers of one particular line of goods alone. But protection is not individual, except in its clever appeal. All the producers of a country under protection are likewise protected; the agricultural machinery makers, for example, are not the only ones thus shielded by a tariff. Obviously, therefore, the raw materials required in the business of making machinery of this character must also bear a high duty, while articles of food, clothing and the everyday necessities of the workers bear a duty likewise, which

eats up the supposedly higher wage, and more besides. The result is that both capitalists and workers are worse off in the end. Of course, the ideal selfish condition for any one line of manufacturing or production would be protection for itself alone while all other productive enterprises were unprotected. Protection, hence, is an individual theory with an individual appeal. It is based on the false postulate that what is true of one must be true of all—the "distributive fallacy" of the economists.

It would be an error to assume that this fallacy is not recognized by the more highly concentrated and more powerful interests. In a matter of "dog eat dog" the big dogs are aware of the value of sharp and strong teeth and heavier jaws. These interests are ever alert to exercise political pressure on governments to enhance their particular advantages over the rest of the producers of the same country. We see, therefore, varying duties, bonuses, bounties and diplomatic devices for securing foreign trade bestowed upon "organized" industries. These latter are organized for the purpose of taking advantage of political emergencies, as we in Canada, with the experience of 1911 still in mind, are fully aware. Wars and their consequences are favorable opportunities for the organized interests, as all economic history shows. The American civil war was the legitimate father of the high tariff in the United States; the Franco-Prussian war gave birth to high protection in France in 1875; Bismarck played upon the patriotism of Germany in 1879, while Chamberlain saw his supposed opportunity in the few years following the Boer war. Today the protectionists of Britain are taking advantage of the emotional condition of the nation to fasten a tariff upon the motherland as a patriotic reprisal against Germany. They have learned a lesson from Chamberlain's failure and that is that if the people are not stampeded while under the hypnotism of misdirected patriotism they cannot be stamped while cool and collected and when the passion—the justifiable passion aroused by the brutalities of the enemy—has passed and when the era of rational economic thought again asserts itself.