

## APPENDIX No. 3

to me about the enormous losses he made. I have no hesitation in saying that I have no sympathy with that man for the reason that any manufacturer who raised prices after deflation set in has no right to expect sympathy from anybody else.

Q. Did he cease manufacturing and close his factory down temporarily until he sold what he had on hand?—A. I think likely. So far as the present situation is concerned, I would say that the manufacturer in Ontario, in the east here who got a fair return on his capital in 1921, and 1922, is the exception. I will make this statement, that there are more manufacturers in the east who have lost money than there are who made money in 1922, and the inflation in prices to-day is something that the manufacturer is very much disturbed about, for the reason that his raw material has been going up, and the conditions over which he has control, are out of proportion to the price that he has been getting for finished goods, and it is unfortunate. Commodity prices in my judgment—we had the right to expect commodity prices should be lower in 1922 than 1921, but they are not.

Q. He does not realize the farmer had lost his purchasing powers?—A. I think you will agree with me that for a period of years the westerner was a pretty fair buyer. One of the reasons why we are so hopeful of the western farmers, is that they are getting down to a sound economic basis now, and I would say that the average western farmer is sitting down and thinking out these problems, and trying to figure out how he is going to get himself on a cash basis.

*By Mr. Sales:*

Q. I would like to interpret your phrase, "Sound economic basis" for you, that the farmer has made up his mind to lower his standard of living.—A. Not necessarily.

Q. Both in the house and outside, in the machinery.—A. That applies more largely to machinery, and the method in which he handles it. I think, you will correct me if I am wrong, that during the last three or four years the western farmer, as a class, has practically lost millions of dollars on account of the tractor.

Q. I do not know that I agree with that in all respects.—A. And another standpoint, I think I can safely apply the word "sound economics" to, is that the western farmer is going to take better care of his machinery and it will last longer, and the implement manufacturer is going to find out that the western farmer is not going to buy machinery as freely as he has in the past.

Q. What is going to be the position of the workman in Brantford?—A. I am discussing western farm conditions, and the workman cannot expect that the farmer is going to keep on buying machinery in a reckless way, as may have been the case in the past.

Q. Seventy-five per cent of the failures are due to lack of sound economics and poor farming. Turn that around and say that twenty-five per cent are due to that, and 75 per cent is due to the high prices of what he buys. There would be no difference between us.—A. That is all right. We can agree on one point, there is just a question of percentage. It is a question of seeing whether we can find the proper meeting point on these two problems.

Q. Then, if you accept my opinion?—A. I am not prepared to accept it. I may be extremely high, and you may be extremely low.

*By the Chairman:*

Q. Supposing we make it a fifty-fifty basis?—A. If we compromise on a fifty-fifty basis, there is room for a great deal of optimism in the West.

[Mr. Charles M. Bowman,]