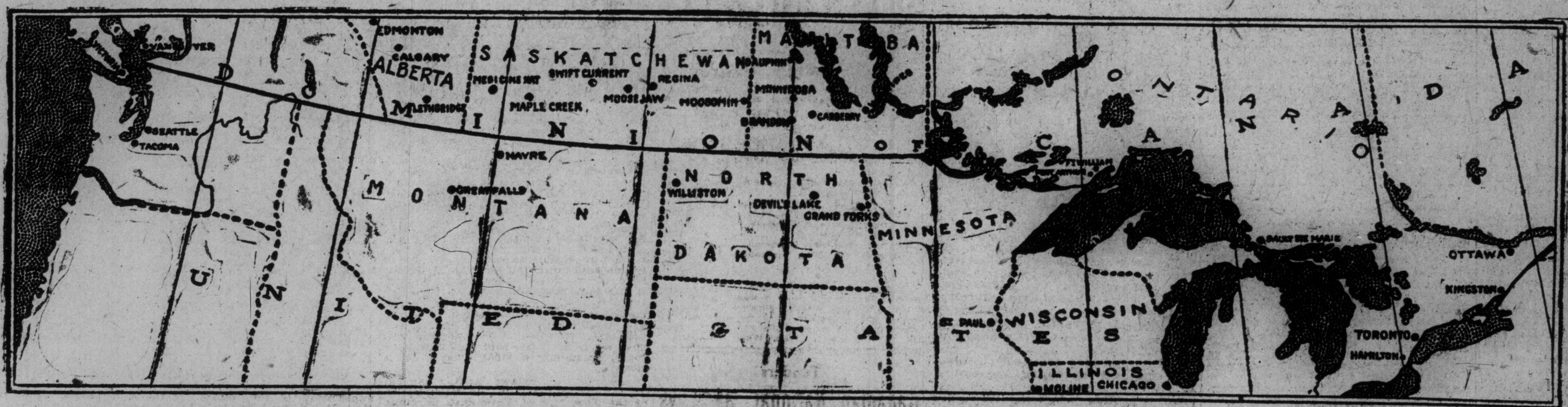
FARM IMPLEMENT PRICES AND DUTIES

THERE is a wide difference between statements of Western grain growers and the manufacturers relative to the prices of Canadian-made agricultural machinery and comparable implements produced in the United States. The Canadian Reconstruction Association has made an investigation of such prices at a number of points in Western Canada and at places directly south in the Northwestern States.

As a result of the inquiry the Association submits the following comparisons, believing them to be accurate. The quotations are *average*, retail, one-payment prices in the United States, for 1919 Spring delivery, of a standard 7-foot binder equipped with sheaf carrier and fore carriage, as compared with the *highest*, retail, one-payment prices in the districts mentioned in Canada. The prices are for implements which compete regularly in foreign markets, where the Canadian-made binder is said to sell for even a higher price than the binders made in the United States.



Comparison No. 1

Grand Forks, North Dakota.. $240
Devil's Lake, North Dakota.. $245
(See Map)
Any point in Manitoba as far north as Dauphin and west to the border of Saskatchewan $248

Comparison No. 2

Williston, North Dakota...... $280
(See Map)
Regina, Moose Jaw or any point in Southern Saskatchewan to West of Morse.............. $259

Comparison No. 3

Havre, Montana.............. $290
(See Map)
Maple Creek, or any other point in Southwestern Saskatchewan.................. $261

Comparison No. 4

Great Falls, Montana.......... $300
(See Map)
Lethbridge, Calgary, Edmonton or any point in Southern Alberta...................... $266

The prices quoted are much higher than were prices before the war, but the comparative figures show a very similar relation to those quoted by Sir Thomas White in the Canadian Parliament in April, 1914, as a result of an enquiry made under his direction by Mr. Costello, an official of the Canadian Customs Department, who was sent to Western Canada and the Northwestern States expressly to secure information as to prices and the effect of the tariff duties on agricultural implements.

The figures given above and those reported by Mr. Costello seem to show that the Canadian price is not, as sometimes stated, the United States price plus the duty. In some cases, agriculturists in Manitoba appear to pay more than is paid by the farmers at points directly south in the United States, but such does not seem to be true of farmers generally in Western Canada.

The Canadian manufacturers claim that farmers west of Manitoba buy binders at lower prices than do farmers at places directly south in the United States and, indeed, that Canadian agriculturists generally purchase farm machinery more cheaply than do the farmers in any other country in the world.

For comparison, the binder has been considered because it is a fairly standardized implement. In the case of drills, mowers and certain other farm machinery there is a wide difference in the products of various manufacturers, and price comparisons are apt to be misleading. Comparison is possible, however, between the prices of wagons. The inquiry made by the Canadian Reconstruction Association, and supported by actual signed orders, seems to show that a purchaser in Southern Manitoba pays $163.50 (one payment, retail price) for a 3½-inch arm, 3-inch tire, Canadian-made wagon, complete with seat and box, while a farmer at Devil's Lake, North Dakota, has to pay for a comparable wagon $170.00. The price at Havre, Montana, appears to be $185.00, as compared with $168.00 at Maple Creek, or any other point in Southwestern Saskatchewan.

The executives of Canadian implement companies state that they have not at any time sold farm machinery at a lower price in the foreign than in the domestic market, under similar conditions and when the difference in cost of transportation is taken into account. On that proportion of their output which is sold abroad, Canadian manufacturers are entitled to a rebate of 99 per cent. of the duty which they have paid on materials entering into their products. It is claimed that the United States and Canada are the lowest-cost producers of agricultural machinery in the world. These two countries have an advantage over domestic producers in foreign markets. Competition is less keen and prices are higher than are prices in Canada. Government reports show that during the war overseas prices in Great Britain, France, Australia, Argentina and elsewhere have been much higher than those obtaining in this country.

The tariff on agricultural implements yields about three million dollars revenue annually to the Dominion Treasury—income which should have to be made up in some other way if the duties were removed. Besides, there is the revenue from customs duty paid by the farm implement manufacturers on imported machinery and materials. In addition, the farm implement industry in Canada, through taxes and otherwise, helps to support provincial and municipal services and provides a considerable market for the products of a large number of other Canadian interests. The tariff duty,—in the case of binders, mowers and reapers now only 12½ per cent. of the Customs valuation, or in reality not more than 10 per cent. of the retail selling price,—helps to retain the market for Canadian manufacturers, enabling them to produce in larger quantities and at lower unit cost. The annual wage and salaries bill of the agricultural implement industry to Canadian workers is about $20,000,000 and close to 100,000 persons are dependent upon this income for their livelihood. Through other local industries, from whom the agricultural implement companies purchase materials of various kinds, the interests of many thousands of additional workers are involved.

If, by abandonment of the Canadian tariff duties, the United States manufacturers of farm machinery were enabled to capture a larger part of the Dominion market, it is said that serious harm might be done to the Canadian industry and the foreign manufacturers might then exploit the Canadian grain growers by charging higher prices, on account of there being little or no competition from domestic producers.

Before removing or lowering the duty, it is desirable that Parliament and the public should have definite information as to whether or not the present duty more than compensates for the higher costs resulting from the geographical situation and other factors over which the Canadian manufacturers of farm machinery have no control. They also should know whether the Canadian farmer could obtain any lasting advantage from removal or modification of the present duty. Who pays the duty? Does the tariff help to retain the Canadian market for Canadian-made implements, thus contributing to a lower unit cost of production and at the same time providing employment at good wages for Canadian workers and a market for the products of other Canadian industries? Have the manufacturers of implements taken any undue advantage of the tariff to charge excessive prices? These questions should be studied and answered. Until they can be answered and until the tariff problem can be considered in its entirety, there is reason to suggest that the demand for removal of the duties on agricultural implements be deferred.

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