

MEMORANDUM ON THE TARIFF AND CONDITIONS IN THE
WOOLLEN AND KNIT GOODS TRADE IN CANADA
MAY, 1923.

The tariff framed by the Hon. Mr. Fielding and the Hon. Mr. Patterson after adjustments in 1904, in spite of the changes in the Government, stood until 1922 unchanged. While not high enough to cause a rapid development in the woollen and knitting industry, it allowed a gradual development of well organized mills which have become an important factor in the industrial life of the country. One of the greatest advantages accruing was the belief throughout the country in the stability of this tariff arrangement. Confidence is the foundation of all development and nothing so saps initiative as uncertainty. Those interested in the industry felt they could safely invest on the basis of the Fielding Tariff. But in 1922 the tariff was revised downwardly and again in 1923 the tariff has been lowered. Thus, fear is taking the place of confidence, as the reductions seriously affect the life of the whole woollen and knit goods industry.

The woollen and knitting industries of Great Britain are among the most highly organized of any industries in that country and they least of all need a preference in Canada to enable them to get their share of the market.

They are operating on a wage scale of approximately half the rates prevailing in Canada. Canadian mills have to sell their goods in competition with goods produced under this lower wage scale in Great Britain, but are obliged to pay wages, in order to retain their hands, equivalent or nearly so to the higher wage scale of the United States.

British manufacturers also operate under much lower capital and carrying charges than the Canadian woollen industry.

Up to the present under the preferential arrangement with Great Britain, Canadian Manufacturers have been accorded no advantage over foreigners in the British markets but on the other hand propaganda on the part of British exporters to Australia was strongly exercised to prevent Canada being accorded equal treatment to Great Britain in the Colonial market.

Statistics show that in the fiscal year ending March 31st, 1922, there were imported from the United Kingdom under the British Preferential Tariff, goods amounting to \$90,000,000. Of this amount over \$22,000,000 were woollen or knitted goods, showing conclusively that the woollen and knitted goods industry of Canada bears the brunt of importations under the British Preferential arrangement.

The statistics which follow show the remarkable increase in these importations during the past year and the increase in the British Preference will further increase these importations and still further displace goods now being manufactured in Canada, tending toward the total elimination of the Canadian industry.

SCHEDULE A

Prepared from figures taken from Monthly report, Trade of Canada, for 10 months ending January, 1923; and a proportionate allowance made to give the figures up to the end of March in 1922 and 1923.