CONSIDERING OUR NEXT BOOM

By INVESTICUS

THERE is going to be a boom in this country within five years of the conclusion of the war. That is a solemn and fairly substantial prophecy made—not by Investicus, who recalls the foolish prophets whose mouths, according to that philosopher of the adolescent, Omar, were stopped with dust. It is the profound belief of a surprising number of Canadian men of affairs. On the surface everybody is glum. We have so many shells to turn out and such short time to do it that there seldom seems to be any opportunity for getting a glimpse of the future. But the truth of the matter is that if our financial and industrial captains were not so infernally busy, and if they weren't just a little bit afraid of talking optimism in the midst of the war, they would be letting out some of this bottled sunshine to warm the hearts and gladden the minds of the Canadian investing public.

"What sort of a boom?" I asked a certain banker.

"An industrial boom."

"Manufactures?"

"Yes."

"And will it be sound?"

"No boom was ever sound."

"Then why the cheerfulness?"

And he explained:

"Putting this and that together, taking the sum total of all the opinions I hear expressed by the men I come in contact with," he said, "there will come a period in Canada when the newspapers will be choked with advertisements of glowing prospects and glowing prospectuses of new industrial concerns. Why—for that matter—I have been noticing a certain full page ad. in the morning papers for some days past, referring to the enormous profits in the drug and dye business—obviously a preliminary to some sort of a stock-selling proposition. But that is a War-boom affair. What's coming will be a Peace-boom. And there will be money made in it too. And a whole lot lost.

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"There are a number of sound reasons for anticipating an industrial boom in this country shortly after peace is signed. Mind you, I don't think it will be exactly the kind of boom Sir George Foster has been talking about. I don't think that we are going to be able to jump right in and share the big orders coming from the re-constructionists in Europe. There may be a period, right after the war, when the Americans will seem to be getting all the plums. But it will only be a short time till that phase passes, and Canada begins to earn a sort of war dividend.

"My first reason is this:

"This country will contain more skilled machine workers after the war than we would have had in ten years if the munition orders had not come our way.

"Secondly: Our big manufacturing concerns—and scores of little ones as well—have been piling up their capital reserve. I KNOW this from our own customers' accounts. It is not only Bethlehem Steel and those concerns that are salting away their surplus profits—but Canadian firms have been doing it too. Some of it in the form of government securities of course, but all of it good, and all of it to be available for the extension of Canadian manufacturing plants when things come back to normal.

"My third reason is this: The big American manufacturers will have so much money in hand they will also be looking for an outlet—for means of expansion.

"My fourth reason is: that they will find—they are already finding—Canada the nearest and the best field for expanding in.

"My fifth reason is: that with a tariff preference among the Allies after the war, Canada is going to be still more attractive to the opulent American manufacturers, and I look to see Canada become the chief exporting area on the North American continent. The American manufacturer who wants to get his goods into the Italian, Russian, French, Belgian, Serbian or British market on the best of terms after the war, will have his factory in Canada. Not only will he get tariff preference, in all probability which he would not get in the United States, but he will find our power supply, our raw material supply and our labour supply attractive. He is bound to come. This will mean in time a heavier export trade for Canada, and greater employment for all classes of Canadians. There will be a big boom."

What that banker said may be taken as fairly characteristic of the line of optimistic reasoning circulating in the big business clubs. It is further to be borne in mind that the steel production in this country has gone up sixty per cent. since the war began. Although our production of coal has unfortunately FALLEN twenty per cent., the significance of the first fact MUST be borne in mind. The steel which is now being turned into shells, will still be in demand when the shell business is at an end, and if we are at all alive to our opportunities we shall never let the steel production fall, but keep it going up. Steel, as everybody ought to know, is a sort of index industry, or rather a BASIC industry. If we keep the steel industry flourishing it makes possible the building up of many other kinds of important industry such as ship-building, tool-making, machine-making, and so on. To-day we have to import most of our heavy machinery. Textile mills that could be doubling their output in Ontario are held up for lack of looms—looms made in Britain. Slowly, but surely, if our steel industry were well-founded, we could become manufacturers of our own tools.

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cern to the effect that that company (and it is not an exception among Canadian companies) has enough work on hand—enough orders for ships to keep it busy at full capacity for five years!

THIS may occur to you: Why do not the same happy facts apply to Great Britain or to the United States.

The answer is this:

These countries depend for their industrial prosperity on their export trade. England will be short of ships and for at least a year will be using most of them in sending back the colonial armies to their native countries. The United States has been neglecting her South American trade—all her trade with neutrals, in fact. She, too, will be short of ships and will be in a hurry to placate her neglected customers. These old established countries will be embarrassed by the necessity for re-establishing their foreign connections promptly and in the face of the world scramble. It it certain that the confusion which must follow that effort will profoundly disturb their economic machinery. Canada's export trade, on the other hand, is not the sort that can be so easily upset. Though it is a disgrace in this country that we have failed to develop the export of finished materials as against raw materials, this fault will be for the time being an advantage. Our export of wheat and other raw materials will continue—though prices will not, of course, be as good as they are at present—because the world must have them. They are essentials. On the other hand, our manufactured exports in normal times amounted to something like seven million a year out of a total manufacturing output of $1,165,975,639 (figures for 1910; see Volume III, Census Report). Thus, if all our normal manufacturing export is cut off, it means only seven dollars in every $1,165 of our industrial production.

"But," you say, "what about the returning armies?"

First, can employment be found for them?

Second, how is confusion to be avoided in the interval before each man can be placed?

The second is in itself a big problem, and yet, not as serious as it looks, nor as complicated as it will be in the case of Great Britain, and France. There, when the armies are disbanded they will stand in the midst of the community, glutting the labour market unless wise provision is shown to-day. Shrewd observers in France and England to-day are urging that arrangements be made to keep the armies together, employing them in road-making or other public works, until they can be scientifically distributed in a civil life again. That is to say, the experts advocate a very skillful analysis of the various trades and industries so that the men required in the BASIC industries may be fitted back into civil life first. THEN the lower grades of labour would be withdrawn.

One fact remains which cannot fail to simplify the problem, i.e., the fact that the Military Hospitals Commission at Ottawa has already shown how a national organization can fit small lots of men—disabled or sick—back into civil life, and has given reason to hope that by the time Peace is achieved this organization will be able to deal with the larger consignments which must then be redigested.

As for whether we can find employment for this additional population, it is to be noted that with our return to normal production these men will actually be NEEDED. Although the ex-soldier will be averse to going back to the land under some merely casual colonization scheme, it is not at all unlikely that he may be induced to settle on the land under arrangements such as those being made by the Province of British Columbia, where soldier-farmer communities are being planned. This should enable us to take care of any surplus of unskilled labour.

This, of course, does not take into account the possibility of expanding our manufactured exports. The opportunities for the Canadian manufacturer to expand may seem to lie chiefly in his own home market. Our imports before the war were a startling advertisement of the Canadian manufacturer's neglect of home opportunities. For those firms who ARE in a position to undertake exports, there will be abundant opportunities under the tariff arrangements which are sure to be made among the members of the entente. To the hundreds of American branch factories now in Canada, other hundreds are sure to be added. It is not inconceivable that Canada may become the base for "American" exports. For the Americans will not be slow to appreciate the entente tariff preference arrangement. And as for capital—there is more in Canada than there ever was before, and we are the nearest neighbour and favoured borrower in this country which at present has more cash to lend than any other nation.