

C 67110

Short Memo. On Budget, 1923, in relation to Woollen and Knit Goods Industry.

The 10% increase in the British Preference together with the new Sales Tax is placing the Woollen and Knit Goods industry in Canada in the most serious danger.

In 1900 the Hon. Mr. Fielding increased the British Preference to 33-1/3% off the general tariff.

Between 1900 and 1907, 88 woollen mills closed their doors and the Woollen and Knit Goods industry was facing a sure, painful and lingering death.

In 1906 the Hon. Mr. Fielding after a thorough and impartial investigation placed the preference at 14.29% off the General Tariff.

In his Budget of 1923, he is giving British Preference as follows:

	General Tariff	British Pref.	Duty
Yarns, woollens & worsteds, n.o.p.	30%	40%	18%
Blankets	35%	42.14%	20 1/2%
Flannels, plain, lustres, etc.	35%	48.57%	18%
Cloth, tweeds, etc.	35%	29.28%	24 3/4%
Undershirts, knitted goods, etc.	35%	42.14%	18%
Socks and stockings, all kinds,	35%	35.71%	22 1/2%
Carpets and rugs	35%	35.71%	22 1/2%

In June 1922, the Hon. Mr. Fielding reduced the duties from Britain 2-1/2% on certain items, so that the total reduction within one year has been on certain goods as follows:

Flannels - 4 1/2%
Cloths, tweeds, etc. - 5 1/4%
Undershirts, knitted goods, etc. - 4 1/2%

The situation to-day is far more serious for the Canadian industry than in 1900. The British industry is shut out from Continental Markets as they cannot pay and from the United States by the tariff, and they are now turning their whole attention to the Canadian market.

The British industry is a powerful and well-organized machine which was slowly and carefully built up under stringent protection and special privileges from the 14th to the 19th century, and then, at the psychological moment that power machinery was placed at the command of centuries of inherited and carefully protected skill, free trade allowed the British industry to dominate the world.

Last year strong attempts were made to dominate the Canadian market and the exports of British Cloth were increased to Canada over the previous year by 54% in yardage and in hosiery and socks by 133% in dozens of pairs.

The present increase in the British Preference comes at a time therefore when the Canadian industry is experiencing the most severe and ruthless competition it has ever known. During the 6-months ending March 1923, 15,800,000 yards, of British cloth were taken into Canada which has a population of approximately 8,500,000, while during the same period only 7,220,000 yards of cloth were taken by the United States with a population of 114,000,000.

The present reduction in the duty is not enough to make any difference in the prices to consumers while it is sufficient to allow the British industry to undersell in many lines, resulting in throwing men in Canada out of work; and taking money out of the country.

There is no magic in Protection or Free Trade which will in themselves make a country prosperous. It depends on internal and world conditions. To-day with every country in the world increasing duties, in order to protect their people and industries, Canada is the only country reducing duties.

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