

The Freedom of Industry

Who will show us the way to economic democracy? It certainly does not lie through capitalistic absolutism, fostered by government favors

By J. W. MACMILLAN.

A current illusion among well-to-do people and their satellites is that their prosperity is solely and distinctly the reward of their superior abilities. In ancient days such people were rather inclined to attribute their comparative wealth and ease to the favor of the gods. That conception is no longer fashionable. The prosperous have taken over the credit which formerly was given to heaven, and kept it for themselves. They have become the creators of their own success.

The process of reasoning by which they reach this interesting conclusion is very simple. They say, "Everybody has the same chance as we. We win. Therefore we are the best." Could anything be simpler?

It all turns on the assumption that there has been the same freedom of opportunity for all. Any partiality in the conditions of the contest would impeach the fairness of its result. All must start even, the course must be clear for all, and none of the jockeys be crooked, or it is not a just race.

Being convinced that it has been so the prosperous naturally think that it should be so, and that any interference with the freedom of industry would do harm. It would prevent the ablest winning. The prizes of wealth, power and ease would not go, as now, to the salt of the earth but to some who might owe their success to something less creditable than their sheer ability.

Such a conception of the allotment of rewards in the making and marketing of the world's goods is particularly common in Canada. If one has the opportunity of listening to the conversation of our leading men of business and their families he soon finds that it is so. If he is denied that privilege it is yet open to him to read in the newspapers the reports of presidents of great financial and commercial organizations, where he will find that note being repeatedly struck. These people think that there is now and that there has been in Canada a condition of freedom of industry, so that men matched their abilities against each other fairly, without outside interference, and that, consequently, merit has uniformly won. And naturally these men are afraid of any outside interference. They think it unwise, and perhaps immoral. It will tend to handicap merit, and it may act as a bonus upon inefficiency. I do not think that they are right.

In the first place, the industrial system which we possess is not in itself fair between man and man. I set aside, for the moment, any attempt on the part of governments or voluntary associations to inflect its processes, and think of it as it operates according to its own laws and habits. It is not fair, I believe, because it makes one man bet his life against another man's money. In the bargain between the employer, representing capital, and the employee, representing labor, the two do not meet on equal terms. The sale of labor is not like the sale of anything else. It cannot be detached from the life of the seller of it. He must sell it or perish. If he does not sell it, not only does the labor-power perish, which is equivalent to a loss of capital on the part of the employer, but he himself and his family perish. He must sell; he must sell continuously; he must sell in small quantities, measured by the day or week; and he must sell to a buyer who knows the necessity under which he stands. On the other hand the employer is under no such pressure. He can as a rule refrain from closing the bargain with labor without losing irreparably. There is no equal freedom here.

I do not wish to enlarge this argument, at least just now. There are many other ingredients in the labor-capital bargain which handicap the labor side, but that which I have cited is the chief and central one. I am more concerned in this article with the Canadian industrial situation, as it is and has been, and so turn to that question.

In an English magazine, not long since, was the phrase "individualistic Canada." This corresponds with the prevalent conception among the prosperous classes in Canada. I suppose the English writer was thinking of Australia, New Zealand and even of recent legislation in Britain, and, because the Dominion of Canada has no Minimum Wage Boards and no Health Insurance Acts, set us down as adhering to the policy which ruled Britain early in the nine-

teenth century, which was what is known as the police theory of government, namely, that every man should remain and be allowed to remain free, undirected, unassisted, unrestricted so that he may always be able to use his abilities and possessions in any way he pleases. Even a writer in England should have known Canada better. This country has never been individualistic. It has always been highly paternalistic. Government has never attempted to confine itself to police and kindred activities. It has always been active to assist, restrict, direct and support industrial enterprises. Only, its paternalistic acts have not taken the form of minimum wage boards and health insurance acts. They have taken the form of bonuses and subsidies of land-grants and custom tariffs.

It has been the theory of our legislation on such matters that prosperity should filter down from the high places to the low. The holders of wealth and power were to distribute the additional largess which came to them through privileges conferred by gov-

ernment. Or, to put it in another way, the mass of the Canadian people were to provide these men with the means of redistributing the wealth of the nation, it being thought that they would do it for the benefit of the nation. Whether events have justified this theory of governmental "interference" or not does not affect the question. We have not and never have had "freedom of industry." It is idle to talk of maintaining that which never existed.

Those of us who believe in the necessity of governmental "interference" with business are thus relieved of the task of introducing a new principle into legislation. We have only to survey the field of Canadian industry and ask whether or not the current paternalism is of the most sagacious sort; whether some industries have not been advantaged at the expense of others; whether the prosperity has actually filtered down in the copiousness expected; whether human nature in Canada is of the rare and self-sacrificing type as would allow the rich to be the intermediaries between the nation and its poor; and whether that type of character which is ready at the same time to besiege Ottawa for favors and to preach the folly of governmental "interference" is the right one to exalt in authority and power.

The problem of economic control is not an easy one. Its solution lagged far behind that of the similar problem in politics. We have not achieved political democracy, but we at least know the way thither. Who will show us the way to economic democracy? It certainly does not lie through capitalistic absolutism, fostered by government favors.

Supplies of Feeding Stuffs

In order to prevent retail dealers taking advantage of the scarcity of bran and shorts to exact excessive profits over the prices fixed by the Food Controller, the latter has ordered that the retail price of bran and shorts, where cash is paid, must not exceed by more than ten cents per bag the cost, f.o.b. track, at the dealer's station. In cases where purchasers take delivery direct from the car the profit has been limited to a maximum of five cents per bag. An extra charge may be made where credit is given and the bran and shorts delivered from the dealer's store, but this amount must be only a reasonable charge representing the consideration of such services. When the miller sells at the mill in less than carload lots, he is not permitted to add more than five cents per bag of 100 pounds to the price at which he is permitted to sell under the Food Controller's Order of December 17, 1917. When the purchaser brings bags to the mill to be filled, the miller must not add more than \$2.00 per ton to the price at which he is permitted to sell under the Order of December 17. In effect, the miller must not charge more than the fixed Fort William bulk prices, plus or minus freight to or from Fort William, and in addition \$2.00 per ton as retail charges. For example, suppose that at a point in Eastern Canada the freight from Fort William is \$4.20 per ton. In this case the selling price for bran per ton when the purchaser supplies the bags would be \$24.50 plus \$4.20 plus \$2.00, a total of \$30.70. The Order applies to all millers and dealers in Canada.

While this action has been taken in order to render available to the farmer all supplies of bran and shorts at the lowest possible cost, the amount obtainable is very limited and farmers must depend mainly upon other feeding stuffs. Prices for livestock are such that, despite the high cost of coarse grains, it is profitable to feed them to food animals.

The statement from the Food Controller's Office says that, if the price of bran and shorts had not been fixed, these products would have risen in price to an amount representing their feeding value compared with other grains and feeds. But the fixing of the price has only ensured that in so far as these feeds are available they are comparatively cheap; the supply has not been increased thereby.

The present total daily production of bran and shorts by all the mills in Canada is only 84 cars and the supplies of wheat will not enable even this rate of production to be maintained for the balance of the crop year. The total bran and shorts produced in Canada, if divided among all the farm livestock in Canada would only give one meal in three weeks. A flour mill of 100 barrels capacity daily manufactures less than two tons of bran and shorts per day which

means that a single carload will only be produced every two weeks.

The Food Controller has taken measures to reserve for the farmers of the Dominion all by-products of grain elevators that are available for stock feed and also feed-wheat, bran and shorts and all such mill feeds. Applications for licenses to export 6,640 tons of bran, shorts and mill feeds have been refused. Indeed the saving has been very much greater because the mills were definitely informed that licenses would not be issued for the exportation of such products. Feed wheat has all been retained in Canada and more than 2,850 tons of screenings have also been saved from export. Arrangements have been made which will keep the exportation of oats, barley, and other feeds to a minimum except for shipments overseas by the Allied nations.

The Food Controller has been in constant communication with the authorities at Washington with a view to expediting shipments of corn into this country for feeding purposes. Arrangements have been made for its entry as soon as means of transportation have been provided. The American corn crop is the greatest in the history of that country, but the car shortage, combined with the fact that much of the corn is wet and cannot be shelled until it has had a long period of seasoning, has kept supplies from the market. At least until it is available farmers are advised to use domestic coarse grains for livestock and also to make use of whatever quantities of cottonseed meal, oil cake and gluten meal and mixed feeds are obtainable.

VALUATION OF ENGLISH SECURITIES.

Valuation of Stock Exchange securities by Bankers' Magazine of London shows a decline of £158,000,000 during 1917 in their list of 387 representative securities, compared with £149,000,000 in 1916. Total decrease is more than accounted for by decline of £10,000,000 in value of American securities, which is ascribed to America's entry into the war and her flotation of over £1,000,000,000 in loans. In other departments there have been considerable increases, especially in the industrial section. Brewery stocks, for example, have risen by no less than 41 per cent, electric lighting and power by 15½ per cent, canals and docks by 14 per cent, insurance shares by 14½ per cent, and shipping shares by 8½ per cent. In British and Indian funds there is a slight movement in a downward direction but colonial stocks are a little better on balance. English and colonial railway stocks have declined severely. In the mining departments movements have been slight, and apart from copper shares, which are rather higher, changes are adverse.