

OUR FAILURE IN IMMIGRATION.

Proposal (1) "Apply the system of protection in full measure to secure the home market for the producer".

This proposal assumes that the Canadian producer when assured of the home market will be able to produce at a cost no higher than the cost of his foreign competitor, otherwise the Canadian consumer will be called upon to pay the duty, or part of it, in the shape of excessive prices, but this possibility is ruled out under Proposal 3.

There seems no reasonable ground for assuming that the monopoly of the home market will equalize costs as between Canadian and foreign producers. It is the continuation of differences in costs that makes the larger part of international trade desirable and permanent.

Proposal (2). "Bonus the manufacturer on his exports to enable him to undersell trade rivals in foreign countries."

This is dumping and is sure to arouse the animosity of other countries and lead to retaliation.

We penalize goods dumped into Canada and now, under this scheme, propose to dump Canadian goods abroad. Other countries - Germany, for example, before the war in the case of sugar and other exports - caused tariff wars by bonusing exports.

Proposal (3). "Compel the Canadian manufacturer to sell at cost plus a reasonable profit".

Under modern methods of production with many separate commodities produced by the same corporation the element of joint cost - overhead cost - is so important that it is practically impossible to determine the cost of each separate commodity. The American Tariff Board has found it pretty well impossible to determine cost. Manufacturers are naturally unwilling to disclose what little information they possess. Cost, as far as it can be allocated, varies greatly between manufacturers. What particular manufacturer's cost is to be taken as the criterion?

For the most part Canadian manufacturers reckon cost by the American price, plus most of the duty.

Watered stock hinders the determination of cost. Moreover price is not determined by cost but by demand.