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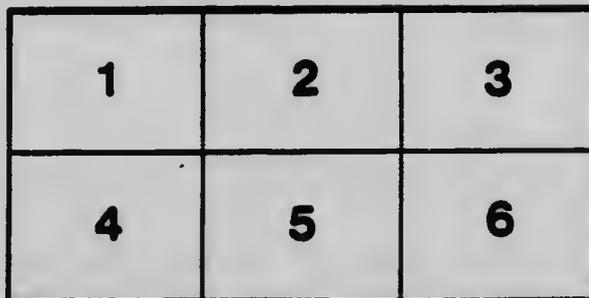
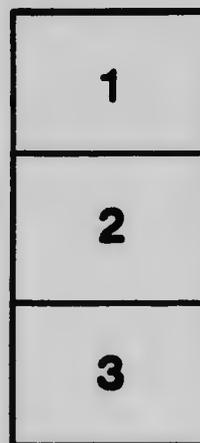
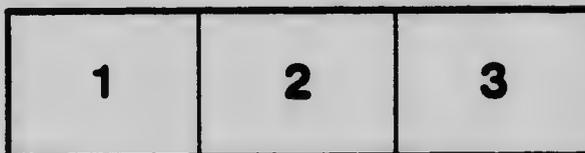
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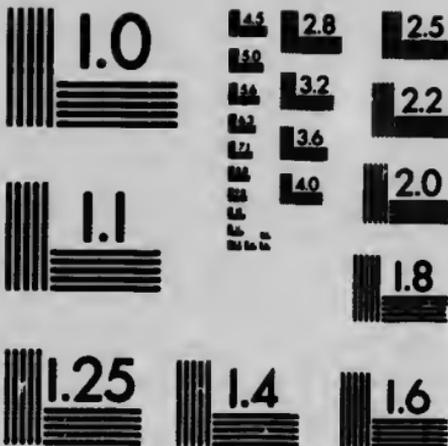
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Annual
Presidential Address

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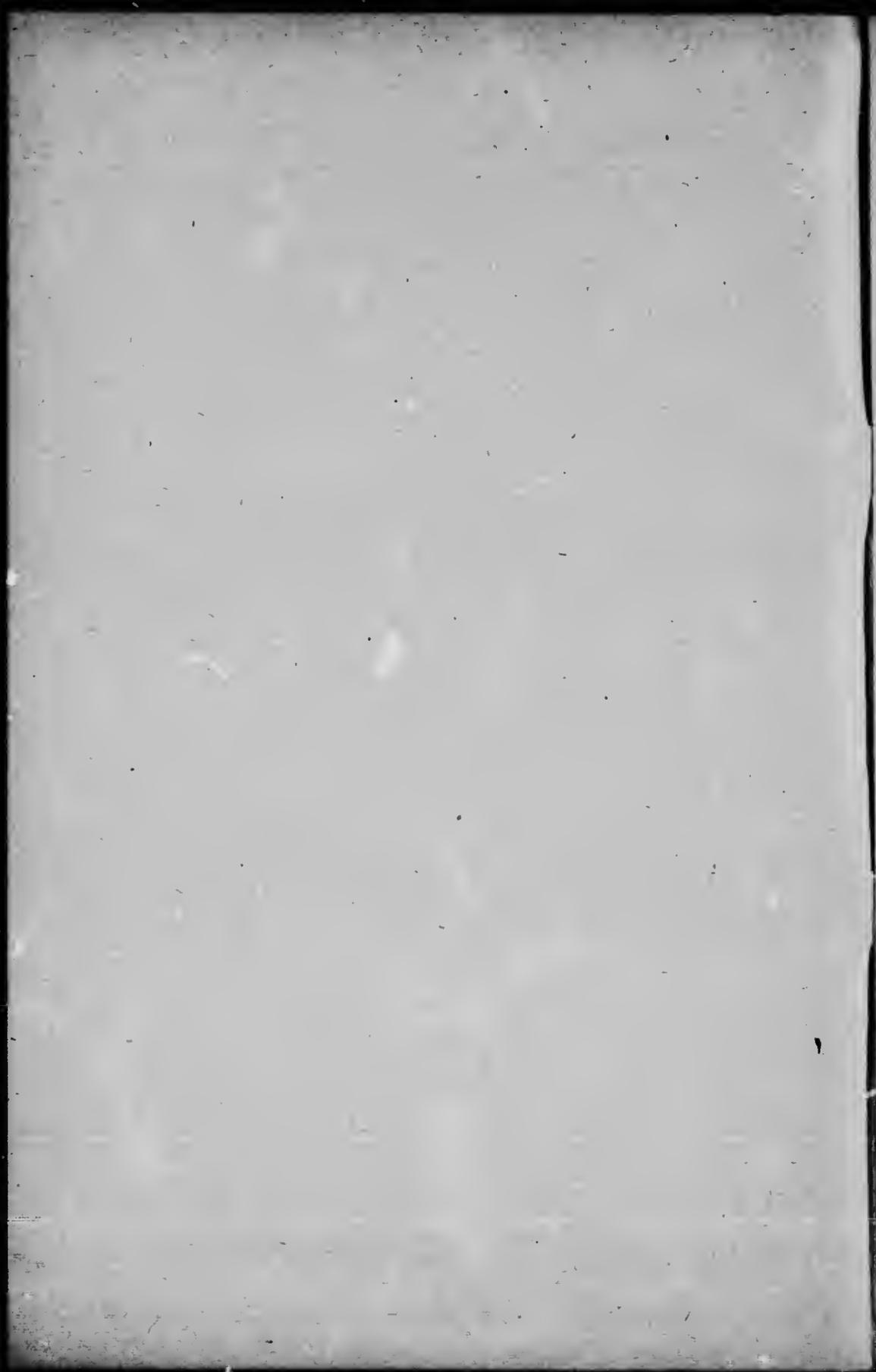
Members of the Canadian Manufacturers
Association in Convention Assembled

AT

Montreal, June 12th, 13th, 1918

BY

S. R. PARSONS



ANNUAL PRESIDENTIAL ADDRESS

THERE are two subjects of sufficient importance to claim our particular consideration this year and upon which we should focus our attention. I have, therefore, concluded to disregard all precedent, which if followed would constrain me to deal in a somewhat discursive manner with many matters of interest to our Association and the country at large. The first question has to do with the relationship between employers and employees, and the second the problems of the tariff, particularly as affecting manufacturers and agriculturists. In discussing these topics I am sure you will agree with me in that we should lay aside any ingrained prejudices and preconceptions which would prevent us from reaching conclusions that are unselfish, broadminded, and national in scope. As men holding a high and important place in the nation's affairs we should feel that unless we approximate in spirit many of our members, as well as hundreds of thousands of others, who have without reserve given themselves freely to the service of the country in defence of the things that we all hold dear, we are disqualified for dealing with important interests which have to do more particularly with the nation's life at home. From an intimate knowledge and association with the manufacturers of Canada, far and wide, I know that as a body they are characterized by the highest ideals of citizenship and service.

Capital and Labor

First, then, let us consider the question which is usually dealt with under the heading of "Capital and Labor." We have been learning many things during the past four years and while all sorts of doctrines, theories, and even fads, are being put before us which are more or less impracticable in character, yet it would be a great pity if the fine idealism which is being preached could not be turned to useful account as far as possible. The thing which we call democracy is revealed more in spirit than in organization or regulations. If democracy is going to be anything more than a label on an empty bottle it must characterize our human relationships and actions. We have, perhaps unconsciously, ignored to some extent the human element in giving effect to the relationship existing between employer and employed. In the old days when in small shops the so-

called "master" worked with his men, often at the same bench, and each called the other by name, there was continuous friendly intercourse which resulted in producing good relations throughout. Afterwards with the introduction of machinery there was brought about an industrial revolution. Instead of the small shop with few workers there was the great factory with many hands, so that it soon came to pass that employer and employee did not often meet or even know each other. The result in many cases has been that the workers came to look upon themselves as part of the machinery of the organization to be used solely in the interests of the producing capacity of the business. It was quite natural, therefore, to expect that disagreements would arise between the two chief interests involved that have led here and there to occurrences of which neither side could possibly be proud. We have now come to see that just as a human body cannot do its best work unless the integral parts are acting together, so in the case of our great industrial system there must be a living spirit of working together in order to complete service. We have had, perhaps, more or less of the external form and have boasted too much about the body of democracy when having little of the soul looking around us, and especially in Old World countries, though not unknown even in Canada, there are armed camps of Capital and Labor. I have no hesitation in saying that these should find some method of union. These two classes must stand together in their own interests. There must be a meeting ground where antagonism and suspicion shall not dwell. The situation at present is aptly described by the quotation:

"In the world of industry employers explain too little, employees exclaim too much, economic teachers proclaim only a bias, and politicians only declaim. There is no one to interpret—no, not one."

Better Relationships

Now, the question is as to how to bring about a better relationship. No one will question the advisability of trying to regain an attitude akin to that which prevailed in the seventeenth century when there was a glory and a pride in trade and craft, which has been largely lost out of our industrial life. What a day it would be if we could make a song of our work instead of a dirge of our grievances! Capital on the one hand must realize the duty of caring for the welfare of all those associated in industry, and Labor must be ready to co-operate to the fullest possible extent in a spirit of helpfulness. My own opinion is that each individual industry will work out its own plans applicable particularly

to the special conditions governing the concern. Many schemes, some of them quite elaborate, have been brought forward in Great Britain, providing for a more effective co-operation between employers and employees. In the United States some plans of co-operation have already been put into effect and others are being considered. Everywhere there is the feeling that the time has come when most earnest consideration should be given to this important matter. Nearly all the plans which have been put forward carry with them the idea of representation in our great manufacturing enterprises from both Capital and Labor. In some industries a committee of ten or twelve is appointed, half of whom represent the company and the other half the employees. These representatives are charged with the duty of dealing with matters such as employment, discipline, right of appeal, wage adjustments, and joint conference. In a certain industry employees after one year's service are insured at the expense of the company, the amount varying from \$500 to \$2,000; in case the employee leaves the service of the company he takes his policy along with him and keeps up the insurance if he wishes to do so. Annuities are also provided after twenty years of service. No one industry can be a pattern for all as the ability to deal with such questions is not shared equally. It appears to me that it is impossible for us to develop immediately a satisfactory plan of co-operation that might suit all the different industries with their varying conditions. There is, however, no reason why a start should not be made and some headway gained. The evolution of processes must be gradual; the new heaven and the new earth will not burst upon us in a day. Personally, I am not at all afraid to trust representatives of our workmen to join in plans of co-operation in the interests of all concerned. When we think of what our men from the ranks of Labor have done in this great war, coming forward largely under voluntary enlistment, and when we realize further the valor they have displayed on the battlefield, they are not only entitled to proper recognition at home, but to a consideration of their interests, which hitherto they have not had in large enough measure. One thing appears to be certain, namely, that where individual interest, ambition, and good work are shown these must all be recognized by both interests in the business and properly rewarded. On the other hand the unwilling and the inefficient must not block the path of the ready and the skillful. *There can be no universal betterment applying to each and every worker in any scheme of co-operation without individual participation if we are to hold our own against other countries and nations whose competition we have to meet both at home and abroad.* I would like, however, to see such a spirit of mutual aid and

co-operation engendered that the two great classes would think together and not apart. I believe this would result in such efficiency in all our organizations that we would be able to increase our home and foreign trade, help pay our war obligations, make reasonable profits, and pay higher wages than would otherwise be possible. It should be remembered that as from the ranks of Labor a very large proportion of our men have gone to the front, so when the war is over to the ranks of Labor they will be returned. Much as we would like to see the returned men go upon our farms, yet the great majority will naturally revert to their former occupations. They will, therefore, be a charge for the promotion of their interests upon our towns and cities and the manufacturing industries in particular. We cannot begin too soon to lay our plans for giving effect to that particular form of co-operation which will fit our individual concerns best and enable employers and employees to serve one another.

Our second great question is that dealing with

Manufacturers, Agriculturists, and the Tariff

More than a generation ago the National Policy was brought into existence and, therefore, the great majority of men doing business to-day in Canada do not remember the hard and trying years before its introduction in 1878. At that time the country was making little headway under a revenue tariff of 12½ per cent. Our industries were comparatively unimportant and American factories supplied us in large measure with products such as have since been made in Canada. Generally speaking, the commercial interests of the country were languishing and our bright young men were attracted in large numbers to the United States, a country being built up and prospered under a policy of protection. We are now in danger, especially on account of the propaganda of one section of our population, of failing to profit by experience, losing our balance, and blindly yielding to the demand for undermining that which has proved to be the great bulwark of our national, industrial, and commercial life.

Tariff Truce

It was understood, when Union Government was formed, that the agitation of the Western grain growers for the abolition of the tariff would not be continued during the period of the war. This has been denied by some of the grain growers during the session of Parliament just ended, but a newspaper report of an address by Honorable T. A. Crerar, at Winnipeg, in the election campaign states:

"The Minister of Agriculture alluded to a conversation with a farmer in Toronto the other day, who asked him:

"What concessions did you get on the tariff?"

"I required no concessions," declared Mr. Crerar, "The Tariff is not the issue at present. I feel just as strongly on the question of tariff as any man. I have not sacrificed these views in entering a Union Government. The tariff is not the issue at present. The great outstanding issue is the winning of this war."

The *Toronto Globe* referred editorially to this matter and spoke of it as a "truce"; in fact it was more or less the general expression of opinion at the time of the formation of the Union Government that tariff matters would not be referred to until the war was over. The manufacturers, therefore, accepted this view and would have respected same throughout if others had done so. We have found, however, that in the Western Provincial Legislatures resolutions have been passed asking for the removal of the duty on agricultural implements as a so-called "war measure." In farmers' papers and other organs there has been carried on a constant agitation against the tariff and denunciation of the manufacturers. Grain growers have recently challenged manufacturers to come out openly and declare themselves upon the tariff question. Much as we would have preferred that there be no consideration of this question during the period of the war, as all our attention should be fixed upon our national obligations with respect thereto, yet some measure of action has been forced upon us and it is, therefore, necessary to deny many of the unfair, erroneous, and misleading statements that have been made for the purpose of trying to prejudice the minds of the public against manufacturers and manufacturing interests of this country.

Agriculture and Industry Interdependent

Our statements should be prefaced with the remark that the manufacturers of this country, along with all other classes, are vitally interested in the success of the agriculturists and will not be satisfied until the fullest possible measures looking to their betterment, and removal of any inequalities or unfair burdens, are accomplished. It surely is not necessary to do this, however, at the expense of other classes and at the risk of ruination of our great industrial fabric, built up with great care and national efficiency. A great Toronto daily sets forth admirably the relation of manufacturers to agriculturists in the following words:

"If agriculture is the backbone of the Dominion, industry is the sinew and brawn. Each is vitally important; they are interdependent. Progress and prosperity for one invariably means progress and prosperity for the other. Their success

provides food or their failure provides famine for the people. Trade balances depend upon their activity. A favorable balance swells Canada's bank roll, and the people become prosperous and very happy under normal conditions."

Reciprocity

We are told that especially in the West, peopled so largely with American citizens of an excellent class, there is more or less of a demand for reciprocity, if not a closer connection, with the United States, which, perhaps, is quite natural, particularly among the class referred to. While as Canadians we value more than ever our friendship with the great nation to the south of us, yet we believe we have an important part to play as an integral portion of the great British Empire and in working out our own future. When there was an agitation for reciprocity, in 1911, and which certain elements in our population are now trying to revive, the majority of the people decided against it and in favor of a continuance of our national, political, and fiscal policy and entity. As nothing has occurred since to lead us to believe that we were mistaken at that time, it is perhaps well now to emphasize our views and refresh our minds on the question by referring to what the then President of the United States thought of the reciprocity campaign and of its effect upon Canada as well as the United States. In a letter written at the time to Colonel Roosevelt, and made public afterwards, President Taft said:

"The amount of Canadian products we would take would produce a current of business between Western Canada and the United States that would make Canada only an adjunct of the United States. It would transfer all their important business to Chicago and New York with their bank credits and everything else, and it would increase greatly the demand of Canada for our manufactures. I see this is an argument against reciprocity made in Canada, and I think a good one."

We all know that Mr. Taft is an extremely capable business man as well as politician, and he recognized at once what even a measure of reciprocity, such as was then proposed, would mean to both countries. It would thus appear that our shrewd friends in the United States saw in the proposition what some of our Canadian politicians and others were blind to. The war-time measures of reciprocity that have been created are hardly a valid argument for their operation in normal times from a national standpoint. *Surely we would not be foolish enough now to want to place our country and our national existence in the condition so well described by Mr. Taft, nor are we ready to believe that our destiny lies in a severance of Empire ties.* Already Great Britain is taking steps to bind all parts of the Empire to-

gether in closer commercial relations for after-the-war trade. We in Canada have helped to create, as well as bear, heavy Empire war burdens and this ought to be followed by our full share of peace responsibilities; in fact our national and our Empire obligations must now be paramount in our thoughts and plans and receive greater and more serious attention than ever in the past.

Hostility to Manufacturers

It would appear from the propaganda being waged with such vehemence against the manufacturers of Canada that the chief view presented is that the tariff is retained solely to benefit the manufacturers and to oppress all other classes of the people, the farming community in particular; in fact one of the leaders in this propaganda in a recent article, which throughout is full of abuse of the manufacturers, commences the same by quoting from Sir Wilfrid Laurier in June, 1893, as follows:

"But I appeal to your judgment in the face of the experiment of the last fifteen years under the system which was introduced by the Conservative party, which was dubbed the 'National Policy,' to say if that system was not vicious in principle, iniquitous in its terms, and dangerous in its consequences. I say that it is vicious in principle."

Now this quotation is evidently brought forward to give the farmers of the West the view that Sir Wilfrid Laurier is the apostle of Free Trade and a non-believer in the National Policy. It would have been more honest had the writer stated that when Sir Wilfrid came into power and was in the saddle for so many years he found the retention of the National Policy, as reflected in the tariff, to be entirely necessary in order that proper revenues might be raised for the country. The writer in question further refers to the manufacturers in his "Hymn of Hate" as follows:

"It is conclusive proof that the 'infant' we have so tenderly nursed for fifty years has become a selfish giant, as *ruthless and destructive as the one we are sending our armies to resist in Europe to-day*. Never before in the history of our country has the mailed fist of special privilege so plainly shown itself."

Trade and Tariff Board

It is, therefore, quite evident that the time has come when the manufacturers of this country can no longer keep silence, either in their own interests, the interests of Labor, or the great national interests of this country. It should be remembered that the present tariff, with changes here and there, was enacted as a great national policy, not for the

benefit of any one class but for the well-being of the nation at large. No one who is not ignorant of the subsequent history of our Dominion can say that it has not justified its existence. An enormous revenue has to be raised in any case and in no other way can the amount produced by the tariff be raised so easily and fairly as by the present methods, which at the same time incidentally give reasonable protection to our great manufacturing industries. Manufacturers feel that the tariff could and should be changed here and there, and so amended that it would apply more scientifically than it does at the present time. *For this and other reasons the manufacturers would like to see created what might be termed "A Trade and Tariff Board"; such a Board to be composed of representative men of actual experience and wide knowledge of commercial conditions and whose broad outlook and vision would fit them particularly for the proper study of these great questions so vital to our national interests; this Board to report to the Government from time to time their findings, and if after a full and complete survey of the situation it be clearly established that the tariff is inimical to the best interests of the country at large; nay, more than that, if it is not actually essential from a national standpoint, then, I say, "Away with the tariff."*

Not Simply Give and Take

The time has arrived when we must all face this matter in a sincere and broad-minded fashion. It surely cannot be simply a matter of give and take as between manufacturers on the one hand and grain growers on the other. Labor must be consulted and considered, the transportation interests of the country (now so largely controlled by the Government) must have their say, the great financial institutions of the country, wholesale and retail business, producers controlling our mines, forests, and fisheries, are all vitally interested in the question of the tariff and must clearly have a voice as to its retention or otherwise. In giving expression to the convictions of manufacturers in this manner we should at the same time be glad to meet the grain growers of the West and would do our part to try and bring about a conference to be held a little later in the season in the city of Winnipeg; this conference to be followed by other meetings if necessary. We desire most earnestly to co-operate with our fellow producers and to show them in the frankest manner our problems and to be shown by them their handicaps, in order that we may each of us see where changes could possibly be made that would be of mutual benefit and help.

Industrial Protection Essential

We would, however, be altogether insincere and dishonest did we not state in general terms that if there is one thing more certain than another, it is that manufacturers could not possibly exist in this country without the small measure of protection which the tariff affords them. The two stand or fall together. *Speaking broadly, Canada must choose between the tariff with manufacturers on the one hand or free trade without manufacturers on the other; the issue cannot be dodged and should not be clouded.* Living alongside a populous country of highly specialized industries, catering to a home demand of twelve times as many people as we have in Canada, it would be suicidal for us to attempt to compete, or develop our new country on the basis of free trade. It is, perhaps, interesting to note that notwithstanding the enormous population of the United States and the great home markets that are open to them, they have found it necessary, in their own interests, to retain a large measure of protection by means of the tariff. Even under the present Democratic Government, reduced schedules, the average rate of duty paid on imports of dutiable goods coming into the United States for the year ended June 30th, 1916, was 30.67 per cent., while in Canada, for year-ended March 31st, 1917, it was only 23.78 per cent., so that our own tariff is approximately only about seventy-five per cent., as high as the American tariff on dutiable goods. The War Tax of $7\frac{1}{2}$ per cent., although added to the cost of imported goods, free and dutiable, was not proposed or desired by the manufacturers. It would appear, therefore, that those who complain of our high tariff walls have not full knowledge of our comparative position in this matter. It should be remembered that manufacturers pay heavy duties on much of their imported raw material; for instance, a large machinery-manufacturing concern in Toronto have advised me that while the tariff on their finished article would appear to give them a protection of $27\frac{1}{2}$ per cent., yet their figures over a number of years show that the average rate of duty they pay on their raw materials is 25 per cent. *The protection to the manufacturer in this particular case, as in the case of very many other lines is, therefore, reduced by the amount of duty paid on the raw materials, leaving only an extremely moderate margin of actual protection.*

Honourable Chas. A. Dunning, Canadian Director of Production, is quite too good a business man not to see very clearly that even the removal of duties on agricultural implements for the farmer means that much additional burden of taxation to the population as a whole. In making his report covering the proposed removal of duty on agricultural implements, he stated he was "not concerned with questions of

tariff reform, federal revenue, questions of permanent fiscal policy, or the age-long issue between free trade and protection." Just so; if these important national considerations may be completely ignored, the whole question is extremely easy of solution. Be it remembered, though, that the two million dollars said to be raised yearly from duties on agricultural implements, if not so produced, would have to be shouldered by the people at large.

Should the Burden Be Shifted?

At this particular time in our national history, when employment for returned soldiers is going to be a matter of paramount importance, and when the largest possible revenue must be obtained in all directions to carry our gigantic war debt, the question may fairly be asked: "*Is the farming industry languishing to such an extent that in order to help it out there must be destroyed, or even impaired, its fellow producer, the manufacturing industry of this country?*" In fact, the weakening of the latter from our standpoint would mean partial destruction of the former. However, perhaps some figures and statements sent out by the *Grain Growers' Guide* (the official organ of the agriculturists of the West) to prospective advertisers, would help to make clear the question as to the condition of the farming population. It is stated that, based upon the figures for 1917, there will be 60,000 motor cars purchased in 1918 in the three Prairie Provinces, having an average value of \$1,000 per car, making an investment of sixty million dollars, and that another ten million dollars' worth of accessories will be purchased. It is further stated that while in the United States the farmers bought forty per cent. of the cars sold in 1917, the proportion sold to farmers in Western Canada was twice this figure. It is further stated that "Western Canada, and especially the farmers of Western Canada, should therefore be the best prospects for your sales efforts in 1918." Another significant statement reads:

"A recent investigation, conducted by the *Grain Growers' Guide*, into nearly three hundred districts in Manitoba, Saskatchewan, and Alberta, confirms emphatically the oft-asserted claim that *nowhere, and with such unanimity over such a wide area, is nature so bountiful or is the return per capita from farm life so profuse as in Western Canada.*"

"The following data is taken from this investigation:

Average size of farm.....	382 ac.
Number of farms owned.....	92½ per cent.
Number of farms rented.....	7½ per cent.
Average acreage under crop.....	195 acres.
Average value of farm holdings.....	\$11,010.
Average number of persons per farm home....	5

"The wealth, as indicated above, is concretely illustrated by the official list of automobile licenses issued in Western Canada in 1917. The average for the Dominion of Canada as a whole is one auto to every fifty-seven people. The average for Western Canada (Manitoba, Saskatchewan, and Alberta), is one auto to every twenty people."

Value of Cereals and Other Crops

The figures given also emphasize the fact that in 1917 the cereal crops alone averaged in value per each farm \$3,725, and that the average capital worth (land, buildings, machinery, live stock), was, as stated above, over \$11,000, and that the average capital worth of the *Grain Growers' Guide* subscribers was \$25,878. Taking their own figures of the average value of farm holdings and the average returns for the past three years, it shows that the cereals alone, without counting any other crops, have produced thirty-two per cent. per year upon the capital. There are many other extremely interesting and very satisfactory figures and statements given, all showing the great progress the agriculturists of the West are making. Now, in addition to the cereal crops mentioned in the *Grain Growers' Guide* circulars, we have figures issued in a bulletin by *The Nor'-West Farmer*, taken, it is stated, from 1917 final crop and live stock reports of the Provincial Departments of Agriculture in Manitoba, Saskatchewan, and Alberta. A study of these reports gives the total value of farm products, other than cereals, at a little larger figure than the total value of all cereals. It is fair to assume, therefore, that on the average all the expenses of farming operations would be more than met by the production of other than cereal crops, whether such products were sold or retained to add to the farmer's capital. This, then, would leave at least the profit on cereals as net returns, and I do not hesitate to say, after careful calculation, that it would be quite double the average net profits of manufacturing during the same period of three years. The first year (1915) was disastrous, generally speaking, in manufacturing, and while the last two years have been unusually profitable in many lines, yet in others war conditions have brought paralysis. No class in Canada, however, rejoices more in the prosperity of the farmers than the manufacturers. We realize that unless producers in all classes in the country, whether engaged in farming, manufacturing, mining, fishing, lumbering, or other forms of industry, are prosperous, it is utterly impossible for the country as a whole to progress as it should. It would appear, however, from the figures given by the agriculturists themselves, as quoted above, that just now is not an opportune time for them to ask other classes of the population to assume burdens of taxation which they would like to be relieved of.

It is interesting to note that the total number of farmers in Canada holding ten acres and over is 633,748, or about equal to the total number directly engaged and employed in manufacturing.

Industrial Statistics

Now, in order to ascertain what the National Policy has done for Canada, and is doing in the building up of our great national interests, it might be well to refresh our minds with some statistics. In the year 1915 returns show that the total number of people engaged in manufacturing on salary and wage-earners was 514,883. If we consider the munitions-making and other industries, in which women are now largely employed, we might fairly estimate the total number to-day as being about 650,000. If we multiply this number by two and one-half we should probably reach the total number directly dependent upon the manufacturing industry for their livelihood, making 1,625,000. If we add to this total the number of people who indirectly make their living on account of the total industrial dependents, we should add from twenty-five to fifty per cent., the number varying according to conditions governing different localities. This division would include farmers and truck gardeners, railway (steam and electric) workers, banking interests, civic employees, butchers, bakers, storekeepers, caterers, etc., etc. Adding only twenty-five per cent., this would give a grand total of over two million persons. The total capital employed is estimated at two and one-half billions. The total exports of manufactured products last year was \$682,521,000. A comparative estimate of our main products for home and foreign consumption for the year 1917, according to the "Canadian Annual Review," is as follows:

Manufactured products	\$2,000,000,000
Field crops	1,100,000,000
Dairy products and live stock	1,300,000,000
Forest products	176,000,000
Minerals	200,000,000
Fisheries	34,000,000
Eggs, fruit, etc.	40,000,000

It might be interesting to try and figure out what it would mean in the case of a great manufacturing centre like the city of Hamilton to have its manufacturing industries removed. The total population of Hamilton is 106,000, having increased from 52,000 in 1900. The total number of manufacturing plants is 340; the total capital invested \$110,000,000; the total number of hands employed, including office and travelling staffs, 30,000; total wages and salaries paid per year, \$25,000,000. Statistics show that upwards of fifty United States concerns have located branch industries in Hamilton, representing a capital investment of about \$25,000,000. These

concerns, of course, would not have located in Canada except for the incidental protection which the tariff affords. Considering the extreme industrial activity at present in a place like Hamilton, calling for large numbers of women workers, it is probable that only about two and one-half times the actual number of hands employed would be directly dependent upon industry, making a total of, say, 75,000. If we add to this even twenty-five per cent. more, as being indirectly dependent upon industry, we have a total population of over 90,000 dependents (direct and indirect) for their living upon the manufacturing industries. Any interference in any large way with the tariff which now enables these manufacturers to do business would practically wipe out the city of Hamilton. What is true of Hamilton would be measurably true of many other towns and cities.

Agricultural Implements

We might also ask what would be involved in the question of removing the duty on agricultural implements? There are approximately 160 firms in Canada making one or more lines of agricultural implements, so that the figures given below do not include many agricultural implement manufacturers who make other lines as well, nor do they include companies subsidiary to or dependent on the agricultural implement industry. The number of agricultural implement plants proper is sixty, total capital employed \$60,000,000, total wages and salaries \$7,900,000, estimated number of people directly and indirectly dependent upon the implement business 40,000 to 50,000. Now, it is quite possible that if the duty were removed on agricultural implements (and it must be remembered that the rate of duty is considerably less than manufacturers have to pay on any machines imported for use in their factories), and the duties were also removed from the raw materials entering into the manufacture of such implements, a few of the larger concerns might still live on account of their large foreign export business; yet as they purchase millions of dollars worth of supplies of all sorts from other manufacturers in Canada, all such secondary concerns would be adversely affected immediately, and there would be a general weakening and tearing down of a large portion of the industrial fabric of the country throughout. Figuring the total duty paid on agricultural implements in 1916, and taking the total value of the property of the farmers throughout Canada, it means about $3\frac{1}{2}$ c. for every \$100, or in other words, a farm valued at \$10,000 would pay on the average annually \$3.50. This does not seem like a staggering obligation by way of contribution to the national funds. The removal of the duty on tractors, without any consultation with the tractor manufacturers, to see what they could do to help out the situation

calling for greater production, and without even making provision for the rebate of the duty on raw materials imported by the tractor manufacturers, was an unfair and unjust measure. We made such representations to the Government that they finally rebated the duty charges on raw materials, but the tractor industry, where hundreds of men were employed and others in anticipation, as well as hundreds of thousands of dollars already invested, has been paralyzed, at all events for the present.

Manufacturers' Contributions and Obligations

Manufacturers are, however, quite tired of the abuse that is being heaped upon them from interested quarters, and while it is readily admitted that there may be many schools of economists of widely divergent views, yet it is high time that a policy of standing together in our national interests be adopted, and that we should emphasize the need of common honesty and sincerity being shown in the statements that are being circulated. The profits of manufacturers, generally speaking, have been grossly exaggerated, and while here and there abnormal figures are shown (which are subsequently largely extracted by the Business Profits Tax), yet the large profits feature also applies in the case of agriculturists. The great majority, however, of these two classes, as well as of all other classes in the country, are simply making reasonable and necessary headway. Let us look at what manufacturers have helped to accomplish in the last three and one-half years.

1. Manufacturers have contributed more largely than any other class to the furnishing of men for the colors.
2. Manufacturers in large numbers have entered into personal obligations with those of their men who may return as to giving them employment. As this matter of employment will be one of the most insistent questions after peace is declared, it might pertinently be asked how manufacturers can fulfil their part of the compact if the fiscal policy of the country is to be radically changed?
3. Manufacturers have been called upon to assume greater burdens of taxation than possibly any other class, and especially the farming community.
4. Manufacturers have, perhaps more largely than any other class, contributed to all patriotic funds which have been launched.
5. No class has subscribed more liberally to all Government war loans, and it must be remembered that in very many cases those so subscribing have undertaken large obligations at their bankers to enable them to do this. Manufacturers would greatly regret being placed in such a position, either by reason of removal of the tariff or taxation measures, causing strangulation of industry, that would not permit them to continue such relationship towards future Government undertakings.

6. No class has supported the farming community as much in the way of helping to supply men for the garnering of the crops, and in many cases even paying the difference in wages over and above what the farmer contributed.

7. If it had not been for the manufacturers of this country the Allies would not only have been short of munitions, but the country would have gone bankrupt on account of the balance of trade being against us. This war industrial activity has been recognized by Sir Frederick E. Smith, Attorney-General of Great Britain, in the following sentence: "She (Canada) has developed for war purposes a resource of manufacturing ability of which no one could have supposed her capable."

The time has arrived, therefore, when the Government, members of Parliament, and the people at large must be fair to the manufacturers of this country and not consider their interests as a football to be kicked about by interested politicians and others, otherwise the national interests are sure to be adversely affected. The tirade of abuse has already gone too far.

Australia's Attitude

By way of contrast, it is interesting to note that in Australia the Prime Minister, Mr. Hughes, called all the manufacturers together in conference and outlined to them a very definite scheme, calling for their help and promising the co-operation of the Government for the furtherance of industry and especially to try and secure export business; in other words, the Government of Australia is so seized with the necessity of maintaining and enlarging her industrial life that the Government commits itself to plans of co-operation that are most commendatory. In a remarkable address at Melbourne, Mr. Hughes closes with these eloquent and significant words:

"I do not hesitate to say that with proper organization we can increase the output of the primary and secondary industries very substantially. We can rapidly increase our export trade. We can place industry on a firm basis by an organization which will aid the individual producer to increase his output, find him markets for his product, and ensure transport at reasonable rates thereto. And in this way we shall reduce the burden imposed upon us by this great war, rapidly develop our resources, find regular employment for our people at high wages, and attract large numbers of the right kind of immigrants. The war has brought to us, as to all the nations of the earth, many and grave responsibilities. We must be prepared to shoulder them. We have not only to produce more wealth to pay for the war, and to develop this our glorious heritage, but we have to hold it for the Empire and for our descendants. But there is something greater. That far-flung domain known as the British Empire produces every mineral known to man and every variety of the animal and vegetable kingdoms. Its wealth is uncountable, its resources

illimitable. Organized it can control the world; unorganized it must fall a victim to a more efficient nation, and its wealth pass through divers channels to alien lands. A deep and lasting obligation rests upon all the dominions to play well their part in this great plan of national organization, without which we are undone. Inexorable circumstances, patriotism, and common prudence alike compel us to adopt such a policy as will at once develop our resources, increase our production, and ensure our national safety."

Great Britain and Industry

Great Britain realizes that in order to hold her own as a nation and maintain her prosperity, she has not only to do everything possible to get hold of trade again, which she has temporarily lost during the war, but she must also put herself in a position to regain that which other nations, particularly Germany, have taken away from her during recent years, largely on account of governmental direction and help. All sorts of guilds and associations are being formed, acting under the supervision and co-operation of the Government in Great Britain, to secure the fullest measure of trade for British industries. Sir Albert Stanley, M.P., President of the Board of Trade, said recently:

"He could not help thinking, perhaps wrongly, that past Governments of Great Britain really failed to take into account the fundamental fact that this was a commercial era, and that the efficient conduct of the great industries of the country was absolutely vital to its welfare. Unless industries could be carried on with an equal degree of efficiency, unless they could produce their manufactured products at prices that would compare favorably with those of their great foreign competitors, what chance had the country of succeeding in establishing its place with the other nations of the world? He thought that the governments from now on would take an infinitely greater interest in industry, and would make it their business to see that it was carried on efficiently, and that there would be secured to the country the establishment of industrial enterprises which would make it absolutely secure against dependence on any foreign country for any essential commodity."

Canada Being Poisoned

In Canada, however, not only have we received no direct help and lead from the Government in connection with planning for our industries after the war in the nation's interests, but a considerable section of our population is keeping the country in a foment of agitation which would tend to destroy rather than to build up. *There is only one way to pay off our accumulated war debts, and that is by producing in field, forest, mine, and factory all that we possibly can, and selling these products at as high a margin over the cost of*

production as we are able to secure. As far as export trade is concerned, manufacturers in Canada may be forced in the national interests to sell their wares at a merely nominal margin of profit so as to help preserve the balance of trade and at the same time give employment to the largest possible number of people. The crux of the situation calling forth denunciation of industry, we believe to be just here. Interested parties have poisoned the minds of agriculturists and other classes in this country and have led them to believe that the manufacturers not only received directly an enormous advantage from the tariff which they were not entitled to, and in consequence were making profits which were out of all proportion to the risks involved, but were also actuated by the most selfish motives. It is, therefore, opportune to say fairly, honestly, and emphatically that the average net return from the investment of capital in industry is not more than it should be to encourage men to take the risks incident thereto. Further, while here and there large profits have been made by manufacturers, as is also the case of agriculturists and other classes, yet the history of the past generation shows thousands of abandoned industrial enterprises in which men have lost their all, just as there have been abandoned farms that were not made to pay. In the United States, according to recent returns made to the Federal Trade Commission, out of 250,000 trading and manufacturing concerns over 100,000 earn no net income whatever; in addition 90,000 of them make less than \$5,000 per year, some of whom have very large capital invested. It is the same thing in Canada: the few succeed, whom we all hear about from the housetops, and the many either just get along or languish and die.

Agriculture Needs Home Markets

The Old-world countries are already taking steps to make themselves more self-contained and self-supporting in the matter of food stuffs. It may not be long, therefore, before the agriculturists of this country realize that they must depend more largely than ever before upon the home markets. To this end manufacturing industries, if encouraged, should be established all through the West as soon as the population is able to take care of them and raw materials may be secured. No nation can become great that is concerned solely with agriculture. *Every important country in the world, except Great Britain, has found it necessary to adopt a policy which gives protection to its home industries, and many believe that she will be forced to fall into line after the war is over. Under free trade agriculture has not prospered.* A writer in *The Athenaeum*, for February, 1918, in a remarkable article, admits

that he was "brought up to revere free trade," but believes the time has arrived for fresh consideration and revision. He says, "The politicians must now see that it is life and death for England, and for English men and women; it is no game for political struggles, no academic arena for non-participant, detached philosophers."

This section of my address would not be complete without the statement that the challenge of the grain growers, through their official paper, to the manufacturers to declare themselves on the tariff, and to which I was compelled to respond, led me to study the question from their standpoint as well as ours. If the figures given do not tell all the story, and the agriculturists of the West are not receiving proper consideration, then we should be the first to co-operate with them in trying to remedy their difficulties.

There is said to be a condition existing among the truck farmers and gardeners of the East whereby they receive only an average of thirty-five cents as their portion of every dollar's worth of products sold. If this is correct, it is a wrong that should be righted, and for this purpose the facilities of our Association would be placed at the disposal of those interested.

Concluding Words

In concluding my address, I desire to thank my fellow-officers, the members of the Executive Committee and of the Council, as well as the membership throughout, for the remarkable sympathy, support, and confidence so often expressed during my term of office. This association and experience have been to me a source of happiness and joy that will cheer me throughout the rest of my life. I am sure that I can bespeak the same consideration for my successor.

I should also like to give utterance to my warm feelings of esteem towards our loyal, hard-working, and efficient staff at Head Office and at all the Branches. We have a splendid organization extending from sea to sea, and that is being used to further the interests of trade and commerce throughout our glorious Dominion.

It is a time to build up and not tear down—a time for co-operation and not opposition—a time to stand to our tasks and not be found shirking—a time to act unselfishly and not be moved by greed—a time for national unity and not discord—a time to fight our battles bravely and not lose faith in God that right, not might, will soon rule all the world.

