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A National Policy

An Address by
Sir John Willison

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SIR JOHN WILLISON

A NATIONAL POLICY

An Address delivered by Sir John Willison, at Galt, on Wednesday, July 17th, 1918.

It is often suggested in the press or from the platform that while the war lasts we should not consider the conditions that will exist or the problems that will demand attention when peace is restored. If that be good advice for Canada it is advice that no other country seems willing to accept. If the British Empire had not neglected preparation for war as we in Canada are often advised to neglect preparation for peace the German armies would not be within thirty or forty miles of Paris. It is certain that Germany is thinking beyond the war into the era of reconstruction. According to Mr. Gerard, who was American ambassador at Berlin during the first years of the war, scores of vessels

are building in German shipyards for oversea trading as soon as the seas are open to German commerce. There is more or less conclusive evidence that German agents are accumulating stores of raw material necessary for German industries in neutral countries. The leaders in German industry and finance are planning for a more effective organization of German factories, for greater production with disciplined labor, and for the most complete co-operation under State control between exporters and the shipping companies. Definite organization of the textile, rubber, leather and other industries has been effected. The iron industries are establishing a great Research Institute at their

own cost. There has been a close, comprehensive, effective alliance of the scientific and military forces. German trade policy during reconstruction has been described as consolidation, amalgamation and centralization. The vast project of a commercial federation of Germany, Austria, Bulgaria and Turkey, if it be achieved, will give German producers and manufacturers a domestic market of nearly 200,000,000 people. There is the prospect that Germany through domination over portions of Russia will secure new markets and necessary raw materials. It is still the expectation of German political and industrial leaders that the armies will not invade German territory, that the flail of war will not fall upon her industrial centres, and that her manufactures and shipping can be more easily adjusted to peace conditions than those of the Ally Countries.

They do not forget that when peace comes British vessels must carry great armies to Canada, Australia, New Zealand and India and that the American army must be transported across the Atlantic. If there is delay in moving the oversea armies out of Europe a huge expenditure for their maintenance must continue, a vast reserve of labor will be unavailable for domestic reconstruction and uncertain and unsettled conditions must prevail in the countries to which they belong. It may be that such terms of peace will be imposed upon Germany as will greatly retard her industrial restoration and exclude her manufactures from Ally countries during the difficult era of readjustment. But looking soberly into history one remembers how quickly normal relations between nations are restored when the armies have left the field. One knows, too, how difficult it is even in the wrath of war to prevent trading with the enemy. During the American Civil War there was a steady and considerable volume of trading between North and South. Even many officers and soldiers of

the Northern armies were involved in this illicit traffic. Other illustrations of the insurgency of trade abound all down the centuries. Moreover, already there are voices even in Canada recalling those which for so long and so disastrously acclaimed Germany as the bulwark of peace and the friend of Great Britain, insisting that we shall deal tenderly with the German people and forget the appalling infamy of a nation that has sown Europe with graves and filled the earth with mourning. Vengeance is mine, saith the Lord, but there is nothing in law or morals which suggests that when a criminal is captured his punishment is complete. There are long sentences, even life sentences, and sometimes the gallows. By weak faith in Germany the British Empire was betrayed into war; it must not be that by like weak faith and emotional flabbiness the nation that has put earth and heaven to shame and outraged the elementary decencies of mankind shall be assisted to establish equal trading relations with the peoples she sought to destroy.

Mr. Balfour said a few days ago that before the war England had not realized the significance of German commercial policy. It was not understood that Germany had never dissociated her commercial efforts from her general policy of world domination. That made German commerce almost as formidable an enemy to the liberties of the world as the German army. "The German commercial policy," he said, "aimed at using every effort of the State to force German commercial penetration into every country of the world not merely for adding to the wealth of the world, not even for the purpose of adding wealth to the German part of the world, not merely to give employment to German workmen or to give increased dividends or any isolated purpose of that character." It was part of the general policy of domination and the object was "to get control and

practically to enslave the producing powers of all the rest of the world." In support of Mr. Balfour's argument Dr. Paul Lench, a member of the Reichstag and one of the most brilliant of German writers, has frankly declared that German industrial protection was directed against England. "It created the conditions," he says, "which gave German industry an organized superiority over British industry." The main factors were the close cohesion of industry and finance, and "the organized power of the State" to force German goods into foreign markets. It is estimated that German investments in American industrial concerns reached a total of \$2,000,000,000. In the United States as in Great Britain and in Russia, Australia, Italy and other countries the chief object was to prevent the organization of the natural resources for war and control opinion until the decisive hour when Germany was ready to strike for the mastery of the world. At least there is nothing in German commercial policy for half a century to suggest that we should neglect problems of reconstruction as there is nothing in what we can discover of the present activities of Germany to indicate that she is not preparing for peace with as much foresight and energy as she prepared for war.

In the United States which made no preparation for war, and in Great Britain which was content to maintain the navy in strength and efficiency, there is no neglect of the problems of reconstruction. In both countries many great national organizations have been created to prepare for conditions that will follow the war, to increase the efficiency of industries, to ensure co-operation among kindred factories, to develop and conserve natural resources, to establish foothold in markets from which Germany has been dislodged, to improve relations between employers and workmen, and to establish an industrial partnership in the restoration of Europe.

But in face of all this and despite the immense problems before us there are people in Canada who insist that we shall not consider reconstruction or that we shall think only of the ancient tariff quarrel which is as musty as the tombs of Egypt.

The Situation When Peace Comes

What will be the situation in Canada when peace is restored? Between 200,000 and 250,000 workmen engaged in the manufacture of munitions and war supplies will have to be provided with other employment. Many factories not directly producing munitions or filling war contracts have an indirect relation to the war industries. In greater or lesser degree their staffs and plants are engaged in furnishing material and supplies for war purposes. For the time the whole industrial fabric rests upon a war basis. Inevitably there will be shock and dislocation when the war ceases. Not only will industries employing a quarter of a million of men have to be readapted to a state of peace but between 300,000 and 400,000 soldiers will return from Europe for whom places must be provided. In short between 600,000 and 700,000 men released from military service or from war industries will have to be placed on the land, in the factories, in the shops, in the professions or in such other positions as they may desire or as may be available. Since many of these men have families altogether at least 1,500,000 or possibly 2,000,000 people will be vitally affected by the withdrawal of the armies from the field and the cessation of war orders for Canadian factories.

We will fail grievously in duty to the soldiers if we do not provide the employment they will have the right to demand when they return to Canada. We should know before they embark for home what every soldier in the Canadian army desires to do, for what work he is best fitted, at what point he should be

demobilized, and where he can be placed in a profitable occupation if the position which he held before enlistment is not open. Many of those who will come back to us are young men who, as has been said by a special correspondent of The Toronto Mail and Empire, enlisted from High Schools, colleges and universities, who had never worked and who have spent in the army the years in which they would have been making places for themselves. Many of forty years of age or over will come back after long service without money or occupation, and with initiative and energy impaired. "Leaders of thought in the army" says this correspondent "favor the return of men from Europe to immediate occupation in Canada. They fear the effect on the men of a long period of idleness. They are anxious that other fields of labor than agriculture should be provided. Farming will appeal to but a small percentage of the army. Years in the turmoil of war, its excitements and associations, is not the best of training for the quiet life of the prairie farm. Industrial expansion in Canada must come if the army is to be provided with occupation." After the Civil War the United States disbanded an army of over 1,500,000. But the Republic had a population of 30,000,000 or 31,000,000 while we have 7,500,000 or 8,000,000 people. In the North the army was re-established in civil life without any serious season of unemployment or any general social disturbance but we have proportionately a far graver industrial problem and very different social and political conditions.

A Great Debt

Not only will we have to provide occupation or support for 1,500,000 people but we will carry a tremendous financial obligation. Thus far the greatest revenue we have raised in any year was \$170,000,000. When the war is over in order to meet pensions, interest and the general purposes of government our

annual charge will be \$350,000,000 and possibly \$400,000,000. If we are to bear this load it is vital that the production of farm and factory should be increased, new industries created, old industries expanded, home markets enlarged and exports of manufactures and farm products multiplied. The Provincial Governments all across the country show a disposition to vote liberal appropriations for agriculture. A like disposition is manifested by the Dominion Government. In this field all the money necessary for research, experiment and production can be obtained and should be obtained. The fertile soil of Canada is its best asset. Those who live on the land give balance and steadiness to the social forces. As they are the most independent so they should be the most prosperous element in any country. Where agriculture is depressed and farmers impoverished there is neglect of duty by Government or grave defects in national policy.

Position of Farmers

No one who understands will contend that farming in Canada has been too profitable or that the appropriations of Governments for agriculture have been excessive or even adequate. It is merely offensive to suggest that war prices are any fair indication of the permanent returns from agriculture. It is unwise and unjust to argue that the prices which farmers obtain under war conditions have the flavor of profiteering. Merchants have not hesitated to advance prices of stocks in store or manufacturers to profit by rising markets and why should farmers not benefit by changing conditions which are the result of natural forces and not of any organized conspiracy against the public. No doubt some farmers have become comparatively wealthy. From a single season's crop great sums have been realized. But only a few years ago there was a complete crop failure over great areas in the West and perhaps as much

anxiety attends upon farming as upon any other industry. At least in occasional seasons there is as great mortality in farming as in business and manufacturing. No other industry perhaps gives such assurance of daily bread but often not much beyond daily bread is secured. Whatever we of the East may think of some features of the political programme of the Grain Growers, their co-operative movements have been of great advantage to Western farmers. Indeed they have been of real national advantage. In proportion as their methods can be applied in older Canada agriculture and the country will benefit. Moreover whatever differences of political opinion may exist between Western Grain Growers and Eastern interests it is certain that in the East there is general if not universal support for generous public appropriations for agricultural research, for field experiments, and for all practical progressive proposals to increase production, to improve rural conditions and to enlarge the returns from agriculture.

Britain Self-feeding

It may be that in the future there will be a less capacious market for Canadian food products in Great Britain. The British Minister of Agriculture has declared that the great lesson of the war for British statesmen is that the United Kingdom must be capable of self-feeding. It is estimated that for this year the Old Country will produce food to feed its population for 40 weeks as against provision for 10 weeks before the war. If in the future British production is maintained at that level the need for food from Canada will be enormously reduced. But there is a large element of speculation in all such estimates. The effort of war may not continue in time of peace. Unless there is economic profit in domestic food production it is doubtful if Great Britain will become permanently self-feeding however

heroic may be the immediate resolution. But assuredly the Old Country will be less dependent upon food exports for some years and the fact has significance for Canada.

Industries in the West

Possibly, too, in proportion as the British demand declines the home demand may increase. It is inevitable that industries will be established in the Canadian West as they have been established in the Western American States. Towns and cities will grow in sympathy with the growth of land settlement. Industrial dependence upon older Canada, the United States, Great Britain and other countries will greatly diminish. As the older Canadian Provinces are importing factories from the United States so the West will import factories from older Canada and from across the border. Aside altogether from regard for "the long haul" and heavy freight charges Eastern industries will find it economically profitable to establish Western branches as in the not remote future we shall find Western factories establishing branches in the older Provinces. It is a mistake to think that agriculture is national and manufacturing sectional. It is not so in the United States, nor will it be so in Canada. It is only because the West is in its first generation that there is any apparent conflict over industry. Just as certain as the East to-day is studded with thriving factories and just as certain as these employ much labor, provide trade for local merchants and furnish desirable home markets so the Western Provinces will have their own industrial fabric. There as here the sons of farmers will direct many of these industries. There as here a great army of skilled workmen, constituting that element of the population which will not go upon the land, will find the employment which they would seek in American industrial centres if

manufacturing were made impossible or unprofitable in Canada.

Organization of Industry

But it is essential that we should have a better organization of industry. There could be no clearer evidence of the genius and resourcefulness of Canadian manufacturers and the skill of Canadian labor than what has been achieved under the Imperial Munitions Board. It is doubtful if the country has any conception of how much courage and actual sacrifice have been necessary to produce these results. The work of the Board has absorbed all the time and energy of many of the leaders in Canadian industry. Manufacturers have taken serious risks and the banks have co-operated with high public spirit. The shell orders placed in Canada have aggregated in value over \$1,000,000,000. Of this great sum the Imperial Government provided \$372,000,000, the Canadian Government \$460,000,000 and the Canadian banks \$100,000,000. Nine hundred and fifty manufacturers have received contracts. These contracts have been placed in every Province except Prince Edward Island. The Board has constructed seven great national plants at a cost of \$15,000,000. If it be true that without definite direction and organization these results could not have been achieved it is also true that the manufacturers and workmen who have made these results possible are not lacking in skill, enterprise or courage. Under like wise direction and organization the industries of Canada should be as effective in the era of construction as they have been in the era of destruction.

Reconstruction in Britain

We need for foreign trade such an organization as we have had for war contracts. The individual manufacturer acting alone cannot hope to get such a foothold in foreign markets or such a share in the reconstruction of the devastated

portions of Europe as may be had by co-operation and organization. This is fully recognized in Great Britain and the United States. In the Mother Country the sacred doctrine of individualism is treated with violence; in the United States industrial combination is no longer regarded as the sum of social and political villainy. The British Trade Corporation with a capital of \$500,000,000 will ensure credits, give financial backing to British enterprises all over the world, assist British inventors, furnish information regarding opportunities for trade extension in foreign countries and assistance to embrace such opportunities. Great Britain has authorized a Metal Bank to assist the metal and chemical industries. A Shipping Loan Bank with \$500,000,000 capital has been created. An Imperial Bank of Industry is projected by the British Empire Producers' Association. There is a Federation of British Industries which will spend \$12,500,000 to stimulate exports. There is in process of organization the British Manufacturers' Association which will have agents in all world markets. The Commercial Intelligence Service has become an independent department of Government. A new department of Scientific Research in the next five years will spend \$5,000,000 in the direct interest of industry. In the dye industry not only research but the industry itself has been heavily subsidized. The British Ministry of Reconstruction has created over eighty Committees and Commissions. There are associations devoted to many phases of domestic reconstruction, departments of Government readapted to commercial uses, and organizations primarily concerned with the relations between capital and labor.

United States' Preparation

In the United States there is equal activity in preparation for the era of reconstruction. The Council

of National Defence will make a scientific study of problems relating to the demobilization of the army, the return of soldiers and sailors to civil life and readjustment of industry to after-war conditions.

Special attention will be devoted to the adaptation of war industries to peace and to the revival of the building trades and branches of manufacturing which have been depressed or dislocated by the incidence of war. The Council will also consider trade and business organization, the relation of labor to employers and the Government, and the determination of National Policy towards shipping, railways and foreign trade. The Webb Law reverses American policy and permits combination of producers and manufacturers for export business. "We shall need such combinations after the war," says The New York Times, "for the preservation of our new trade with foreign countries. For lack of them our exporting manufacturers were working at a disadvantage in foreign markets before the war and competitive conditions will be more formidable hereafter when we must contend against export associations controlled and supported by Governments." There is a Bill before Congress appropriating \$500,000 for a Commission to consider finance, scientific and industrial research, public administration, coal supply, sources of power, raw materials, forestry and agriculture. A great federation of industries, embracing 300,000 plants and employing 10,000,000 workers is in process of organization. "Give us," said the chairman of the War Convention at Atlantic City which initiated this movement, "such an organization, linking the manufacturers of this country into one great organization and there will be no problem during the war or after the war that it cannot solve." There are many trade organizations concerned with their peculiar problems and many social agencies thinking towards after-war conditions. There is

significance for Canada in a statement by Mr. Edward N. Hurley, Chairman of the United States Shipping Board, to the Illinois Manufacturers Association. He said:—

"While vigorous prosecution of the war is the paramount interest of the nation now, we cannot afford to wait until peace is declared before beginning preparations for the wise employment of the enormous new merchant marine which is being augmented at a rate of one and two ships a day. The country looks to the manufacturers to find work for those ships after the war. The more vigorously we fight the war, the more tonnage we shall have at our disposal when peace is declared. I believe that wise foresight now in utilizing this tonnage after the war, to develop our own world trade, and develop trade and industry in other countries, particularly the smaller and younger nations, will be a direct help to winning the war, not a hindrance. The American manufacturer, banker, and business man generally may well begin to-day to think in terms of world markets. When peace comes we shall find ourselves with an enormous mercantile marine on hand, as well as a ship-manufacturing industry of magnitude unlike anything that has hitherto existed. Success in employing that merchant marine hangs squarely upon manufacturing efficiency."

Activity in Japan

It cannot be doubted that after the war Japan will be a more formidable competitor in world markets. Canadian manufacturers will feel as never before the pressure of Japanese competition. No other country is devoting itself with greater energy to the creation of new and the extension of established industries. Japan has cheap labor and skilful artisans and genius for

organization. The Government is co-operating with the industries and extending liberal financial support. It is improving ports and developing land and water transportation. It is taking measures to supply raw materials and machinery for finished manufactures. Japanese commissioners are in many countries studying the methods of competitors and looking for new markets. Financial legislation has been prepared to enable the banking institutions to support the enterprises of manufacturers and traders. Industrial companies are increasing capitalization and combining through amalgamation or agreements to cheapen and increase production, and to maintain selling agencies in foreign markets. They are testing the natural resources of China through companies representing Japanese capital or with capital jointly furnished by Japanese and Chinese interests. A company is erecting a steel plant in Chosen at a cost of \$16,000,000 with a capacity of 90,000 tons annually. By the end of this year it is expected the annual production will be 1,150,000 tons of iron and 1,160,000 tons of steel and in five years 1,500,000 tons of iron and 2,140,000 tons of steel. The whole effort of Japan is to produce herself the raw materials and finished products which Germany supplied and to sell her own products to countries which formerly bought from Germany. Before the war Japan imported dyes from Germany to the value of \$3,500,000 a year. She has granted subsidies to dye industries for a ten year period which will enable Japanese companies to pay 8 per cent. on paid up capital. Half the capital of such companies must be provided by Japanese subjects. Over all companies subsidized the Government retains a right of supervision. It will exercise this power over a new company with a capital of \$50,000,000 to finance trade and commerce. A Loan Bank has been established to advance money on the security of

ships under construction. The nominal capital is \$10,000,000 but the bank may enter into engagements of \$100,000,000. It is proposed to have Japanese banks at every point touched by Japanese merchants and already many such banks have been organized. As evidence of the close connection between banking and business during last year 100 new Japanese business houses were established in Shanghai. The Yokohama Specie Bank has arranged for regular advances to Japanese merchants in the United States, Hawaii, Buenos Aires, Rio de Janeiro, Java and Canada. The Governor of the Bank of Japan has said: "We should be ready for the occasion with the united strength of the whole nation. At home we must apply ourselves to the task of promoting productive industry, abroad we must endeavor to secure the extension of markets and the establishment of commercial credit. In this way, to further the augmentation of the national resources and to make preparation for eventualities during the war as well as after it—these are indeed, I believe, the most urgent tasks for us at the present moment." During last year Japanese exports to Canada increased from \$4,107,618 to \$8,122,725. In five years imports into Canada from all other countries have increased 30 per cent. and from Japan 130 per cent. The significance to Canadian industry of Japanese competition in the future cannot easily be exaggerated.

Canadian Export Trade

It may be that in Great Britain and the United States there is a multiplicity of organizations devoted to reconstruction. But it is certain that we cannot be idle in Canada if our industries are to be adapted to new conditions and world markets. The movement which Hon. Frederic Nicholls has inaugurated in the Senate for a Canadian Trade Corporation should have liberal aid from the Government and the active,

organized support of the industrial and financial interests. Groups of manufacturers should unite to investigate foreign markets and consider adjustment of their factories to the needs of Europe as they were adjusted to the manufacture of munitions and war supplies. According to a Committee of the New York building trades in five years orders for \$5,000,000,000 will come to the United States for the rebuilding of Europe. It is said that France already is placing contracts aggregating \$150,000,000 for the reconstruction of her devastated cities. The National Lumber Manufacturing Association of the United States reports that Birmingham will build 50,000 houses, requiring 2,000,000,000 feet of American timber and that an annual expenditure of \$6,250,000 for housing in Birmingham is contemplated. It was stated at a convention of municipal engineers that Scotland requires 100,000 houses where in one year not more than 12,000 or 13,000 have ever been erected. The number of houses that will be required in Great Britain at the close of the war is variously estimated at from 500,000 to 1,000,000. It is officially stated that in Australia 300,000 houses will be needed. Canada, too, will need to spend a vast amount of money for housing, municipal improvements and general reconstruction.

The Needs of Russia

Many Canadian manufacturers have had the advantage of consultation with Mr. C. F. Just, Canadian Trade Commissioner, who has just returned from Russia. He tells us that the rebuilding and regeneration of Russia will be a colossal undertaking. The market for binders, tractors and all classes of farm machinery will be illimitable. There will be an insatiable demand for saw and flour milling machinery, for grain elevators, for all articles necessary in clearing the land and the general prosecution of agriculture. He believes, and there is nothing

visionary in the proposal, that a corps of Canadian woodmen and agriculturists could give Russia lessons of incalculable advantage in clearing and settling the country and improving its methods of farming. He thinks that an adaptation of the Canadian elevator system to Russia would confer great benefits upon its people. It is not to be doubted that stable government in Russia will be re-established and its credit restored and there is no sound reason why in co-operation with the Imperial authorities and British commercial organizations Canada should not assist materially in its social, industrial and agricultural restoration. But if we are to have an adequate share in the rebuilding of the ruined nations Canadian industries must organize with vigor, foresight and courage. They must cooperate to secure the necessary knowledge of conditions abroad. They must establish joint selling agencies. They must have such assistance from the Government as is freely afforded by the Governments of Germany, Great Britain, Japan and the United States to the Industries of those countries upon which stability at home will so vitally depend during the period of reconstruction. These results can be best achieved through such a trade corporation as Senator Nicholls advocates.

Facilities for Research

It is necessary also that we should have adequate postgraduate Research faculties in Canada. The truth is that without better provision for Research we cannot have the utmost efficiency in Canadian industries or take full advantage of our wealth of raw material. The need is not academic and remote but imminent and practical. It is only secondary, if it is secondary, to the need of organization for export trade. There are excellent science faculties in Toronto and McGill Universities but they have not the resources which the situation re-

quires. The truth is that German efficiency at its best will be outrun by American efficiency. Fifty industrial companies in the United States are spending from \$25,000 to \$500,000 a year in research. The Mellon Institute, the Massachusetts School of Technology, Harvard, Columbia, Wisconsin and other American universities have an incomparable equipment. Their services to American industry are beyond estimation. If the investment is heavy the returns are commensurate. It is understood that the Canadian Government will establish a National Research Institute under direction of the Canadian Council for Scientific and Industrial Research. There Canadian industries or groups of industries will be able to send their experts for study and experiment in the problems in which they are peculiarly concerned. But it is also necessary to have adequate facilities for training such experts if the industries and the producers of the country are to derive the last advantage from the National Institute. In this industrial Province the Government can afford to contribute generously towards the provision of such additional facilities for Research as are imperatively required. If we are to derive the full advantage from our natural resources we must have complete efficiency in production and manufacture. The question is not peculiarly related to the interests of manufacturers. It is strictly economic, public and national. Moreover there must be concentration upon one or two universities if the Research Faculties are to be equal to the requirement. Dispersion of effort and support over too many institutions would only mean that no one would be adequate and a great national object would be subordinated to sectional considerations.

Employers and Employees

It is vital also if we are to pass safely through the period of reconstruction that good relations should

exist between employers and employees. The social unrest of our day has its most dangerous manifestations in the growth of socialism and anarchism, in estrangement between labor and capital, in the practical class war which is involved in the organization of workmen upon the one hand and the organization of employers upon the other. The separation between employers and employees seems to be a necessary result of modern industrial conditions. The old and ideal relation between the master and his journeyman and apprentice has gone forever. There has come the great factory and the great industrial corporation, great systems of transportation, great financial and corporate combinations. The workman goes in and out of these huge establishments, a stranger to the manager and ignorant, often, of the very names of the boards of directors. The tools with which he works are not his own, the machine he tends, the engine he drives, the ship he directs belongs to a corporation whose stocks are on the Exchange and whose investments too often are their chief concern. Their relationship with labor is impersonal and remote; their interest in dividends personal and direct. Under such conditions the organization of labor is natural and necessary, and occasional misunderstanding and conflict are inevitable. There is no doubt at all that the system of industrial organization which has been developed is advantageous alike to employers, to workmen and to the great body of consumers. It is not true in Canada, in America or in Great Britain that the poor grow poorer or that any general condition of wage slavery prevails. In the noble speech which Lord Rosebery delivered at the unveiling of a statue to Queen Victoria at Leith, he said:—"It is well to make an Empire; it is well to see a nation reap the fruits of its industry and intelligence. But the test of a reign must be the condition of the nation

itself, its moral, physical, intellectual welfare, and what reign will better bear that crucial test than the long years of Queen Victoria? They were a period of wise progress, of increasing liberty, of unwearied emancipation. It was a period marked by the promotion of health and education, the raising of wages, the cheapening of all the necessities of life, the larger association of the nation in its own government, the removal of religious barriers not merely in tests but in Christian co-operation. All this marked the sublime and upward path of her reign. Contrast the condition of the people as she found it, and as she left it at her death, and you will see an advance which may well be called splendid, however much may yet remain to be done."

Results of Labor Organization

Towards that advance, organized labor has greatly contributed as many other agencies have co-operated to improve the general condition of the people. Labor, through organization, is powerful, sometimes arbitrary and always vigilant. But however powerful, arbitrary or vigilant labor may be, it is vain to contest the validity of its right to organize, to deny the necessity for collective action, or to minimize the benefits which through organization have accrued to the working population. It is just as true that the unionist definition of labor is often restricted in its application and that the great body of those who work with their heads are as truly servants of the Commonwealth as those who work with their hands. Notwithstanding the Declaration of Independence, all men are not born equal and indeed under the franchise systems which prevail in some of the States of the South it is doubtful if even yet they are all born free. Under any social or political system which the genius of men may devise, great industrial organizers will arise, who will control vast operations and amass great wealth and whose title

to their acquisitions will be as clear as the workman's title to his weekly wages. Moreover they will confer benefits upon the world out of all proportion to the return they receive, and inevitably under just laws and equitable administration these benefits will fall in greater measure to the working masses than to any other element of the population.

Progress by Evolution

No one who has read deeply into the story of the French Revolution and the various social and elysian experiments which men have attempted can believe that human nature will change its character, that progress will appear except through individual initiative, that organized society can exist except upon the basis of private property, that the effects of social revolution can be permanent, or that the eternal and inevitable processes of evolution can be controlled by human enactments. Behind socialism in its extremest forms there are various types of mind, and strongly conflicting motives; divine humanism, religious enthusiasm, the spirit of revolt and the temper of anarchy. But the world will take its slow way to the uplands, reform will proceed "by slow degrees, by more and more," and a hundred years from now, as a hundred years ago, the perfectionists and the destructionists alike will beat with bruised hands at the gates of fate and stand confounded in presence of the complex human nature which only the God who made it can change from the original fashion. It is only by methods of conciliation, sympathetic appeal and laborious effort towards a better understanding that the class war will be abated, and more satisfactory relations between labor and capital established. It is unfortunate that upon both sides in too many cases, there is a vindictive spirit, and a disposition to misinterpret and misunderstand. Too often the Labor Union approaches the employer in an arrogant temper and exer-

cises a species of intimidation. On the other hand the employer regards the union as his natural enemy and assumes that it exists for purposes of tyranny and extortion. Too often the union protects inferior workmen and insists upon vexatious regulations which impair efficiency, and hamper the exercise of necessary authority. Too often both employers and employees observe only the letter of agreements and the steady and satisfactory operation of a great industry is embarrassed by constant friction and misunderstanding. Again the employer, struggling, it may be, through a bad season or falling market, feels that there is no sympathetic identity of interest between his workmen and himself, and that the loyal co-operation and the energetic support which the situation of the business demand are withheld. So often the employee in evil domestic circumstances, with sickness or death in his home, and accumulating obligations which his wages cannot satisfy, feels that his employer is far removed from his trials and difficulties, enjoying a prosperity to which he has contributed, and careless of the welfare of the one poor cog in his vast machine. These are elementary facts, easily stated, but at their roots lies the great problem of the ages. For as Carlyle said "the organization of labor is the universal, vital problem of the world."

Breaking Down the Wall.

The war as nothing else in human history has broken down the wall of partition between classes. Never before has the world had such a revelation of the divinity of human nature. Those who do the world's common drudgery and those who have worn fine linen and fared sumptuously every day have fought, suffered and died together in the trenches. All have responded to a common appeal and all have shared in common sacrifice and common glory. Unless there is a mortal and ineradicable defect in our civiliza-

tion there will be fruits of sympathy and understanding from all this bloody sowing. In Great Britain those who were regarded as Labor agitators have become sober and responsible Imperial statesmen as probably they always were if we had understood. No one in the United States has revealed more of the spirit and stature of a statesman than Mr. Samuel Gompers. Those who reviled Mr. Lloyd George are his colleagues in the Government; those whom he reviled are his friends and comrades. It is not clear that these Labor and Radical leaders in Great Britain and the United States have become more conservative; it is certain that many of those who contended against them have become less conservative. Not a few wild theories and fantastic panaceas have been tested in Russia with consequences of ruin and horror beyond imagination. Yet there are disciples of the Bolsheviki in the United States and even in Canada. At a meeting in New York not long ago the Soviet Republic was described as "the guardian and the hope of the loftiest ideals of the toiling masses." On the very day on which this declaration was sanctioned Mr. Gompers at the annual meeting of the American Federation of Labor at St. Paul said:—

"I am not going to give up voluntarily the labor movement with its achievements of to-day, to look for the chimerical tomorrow. I think the greatest, the most radical, the most idealistic, and the most fantastical declaration which any body of men has made has been by the Bolsheviki of Russia. And they have lost, not only the meat from the bone, but the bone itself, and have not even the shadow. We here prefer to go on in this normal way of trying to make the conditions of life better to-day than they were yesterday."

Speaking in England Mr. Hughes, the Labor Premier of Australia, said: "Bolshevism is no new thing to us.

There is nothing new in its shibboleths, which were to set up a new heaven and a new earth, in which all things would come to men who did not deserve them. These shibboleths were being adopted by an increasing section of the country from which I come, but the country is now being swept by the fierce winds of war and men see that they have to look to a world as it is." All over the world the Socialists and the demagogues are busy. We have had in Russia as I have said an instructive illustration of the results of evangelical idealism. We have had, too, very deplorable evidences of the effects of the craft and cunning, the cupidity and malignancy, of unprincipled destructionists. There is reason to fear that many of these irresponsible apostles of revolution are the subsidized agents of Germany seeking to destroy by internal dissension in the Ally countries the political authority and the free institutions which German arms cannot overcome. But the Canada that we are saving by sacrifice and valor we may not destroy by incendiary agitation or rash and empirical legislation. There is safety only in sympathetic co-operation between employers and employees, and frank recognition of the actual identity of interest between capital and labor.

Plans for Co-operation

In Great Britain the Whitley Report has been widely accepted as affording a sound basis for future relations between employers and workmen. This Report suggests Industrial Councils by which employees will obtain a voice in determining factory conditions and Works Committees to bring employers and employed regularly together in joint consultation. The proposals have been approved by the British Association of Chambers of Commerce and other great industrial organizations. A plan resembling that recommended by the Whitley Report has been adopted by the Admiralty and the Post Office Department.

But there are still wide differences of opinion as to what powers industrial councils should exercise, whether or not penalties should be imposed upon recalcitrants and how penalties, if imposed, should be enforced. The Whitley Committee itself has issued a second report in which compulsory arbitration is condemned and enforcement of awards and agreements by pecuniary penalties opposed. The British Industrial Reconstruction Committee urges the Government to bring employers and employees together by systematic appeal and action. It is suggested that the Government should consult only joint bodies representing employers and workmen and that where the Associations of employers and workmen represent the majority of those engaged in an industry, national, district and workshop committees should be created. But the National Alliance of Employers and Employed insists that after-war industry must have self-government and argues that this self-government can be achieved only by representatives of employers and employed working together with equality of representation and free from outside interference. "Through that co-operating work," the secretary of the Alliance declares, "they are reaching a mutual understanding and a realization of the fact that their interests are identical and not antagonistic, and they are agreed that along these lines the industrial future can be assured." In the United States an Industrial Council representing the Standard Oil Company and its 9,000 employees in New Jersey has been created. Through conferences with the representatives of the workmen a system of sick benefits, life insurance and annuities has been established and a plan of medical supervision organized which will ensure that the health of the company's employees will be conserved and their work adjusted according to the physical condition of the individual. Mr. Teagle, President of the Company, explains

that the cost of replacing employees runs from \$10 to \$300 for each replacement. He speaks of one plant where replacement ran as high as 30 per cent. of employees per month and declares that in the Ford plant at Detroit replacements by various experiments have been reduced from 140 per cent. per annum to 29 per cent. He argues that it is the prospect of poverty in old age and the fear of leaving behind a wife and dependent children which leads men to leave good places for places a trifle better. He believes that the worker should be maintained out of the active capital and labor of the country and that the provision of insurance and annuities is sound business and sound national policy. "Our Company," he says, "has encouraged its refinery employees to elect representatives with whom the management is pledged to deal in all matters affecting wages and working conditions and the remedying of every grievance or possible injustice." Speaking at a joint dinner of the Directors and employees Mr. Teagle said: "The appeal to brute force, the policy of gaining an advantage wherever coercive measures permitted, has been a common fault of all. Industrial peace as well as peace between the nations must depend upon mutual sympathy and understanding between all sections of industry and an equitable division of the proceeds of that industry between the two partners of American business—capital and labor." In the great American packing plants representing 99,000 employees in eleven cities Conference Committees of employers and employed have been established as in the Standard Oil plant in New Jersey. It was frankly admitted by directors of these companies that industrial peace with unorganized labor was impossible and that long experience had demonstrated the wisdom of recognizing labor and dealing with its representatives as responsible business partners. It is essential, I believe, that we in

Canada so far as may be practicable should follow the example of these great American concerns, and have full knowledge of movements in Great Britain for sympathetic and organized co-operation between companies and workmen.

Advantages of Consultation

It is possible, whether labor is organized or unorganized, to have a close association between employers and employed. Only the best results can follow from mutual consultation and co-operation. If workmen can confer with managers and directors, acquire knowledge of working conditions, of relative rates of wages in competitive industries and of the state of home and foreign markets, they will be stimulated to greater exertion in the common interest. There can be effective conference only through organization of labor and free recognition by employers of the chosen representatives of the workmen. Of peculiar value is organization in the individual industry although no plan can succeed if it aims to deprive labor of common machinery for the protection of its general interests. It is the judgment of the Industrial Reconstruction Association that in preparation for after-war conditions industries or groups of industries in Canada should call their workmen into council and establish so far as is practicable the co-operative but mutually independent relation which will be necessary if we are to have unity, stability and prosperity during the difficult period of reconstruction. Assuredly such a co-operative relation would go far to establish the complete identity of interest between capital and labor, to defeat the devices of demagogues, and to steady the social forces. It is not suggested that any possible co-operation between employers and workmen will guard against all misunderstanding or trouble in future but only that a common understanding of common problems will ensure early considera-

tion of grievances and establish in every industry a permanent council of conciliation.

Economy, Confidence and Expansion

No one who thinks can doubt that Canada like other countries will face a difficult situation when the war is over. We must retain our population if we are to bear without excessive strain the great burden that the war will have laid upon us. But if we are wise and farsighted we may enter through reconstruction into an era of national expansion and prosperity. Through the long war with France, Great Britain established her commercial supremacy. With the close of the Civil War in the United States began the era of American industrial expansion. The war of 1870 laid a load upon France which stimulated her people to thrift, industry, and scientific utilization of her raw materials. Necessity drives nations as it drives individuals to greater economy and exertion. Few countries have such rich natural resources as we have in Canada or such areas of fertile land. We may have trade preferences in British markets and probably priority of raw materials for the industries of the Empire. Doubtless, too, we shall have an Imperial organization of shipping which will give us advantageous connections with British and foreign markets. We have a great railway system built with cheap money which may prove to be a greater asset than we would now admit. It is legitimate that the natural resources of Canada should be developed in the national interest and that processes of manufacture should be carried to completion in Canadian factories. Too often we confuse loyalty to Great Britain with loyalty to the Empire. An industry in Canada or settlement in Canada is as valuable to the Empire as an industry or settlement elsewhere under the flag. If we ever doubted

this the war is a complete and final demonstration. During the first years of peace we may have little immigration from the Old World owing to the congestion of shipping, but we shall have continuous immigration in greater or lesser degree from the United States. It will be necessary to adjust immigration to conditions and with greater regard to national cohesion and national character. But the land will bring people as raw materials of manufacture will bring industries if we make the national welfare the supreme concern in legislation. We may not forget that when the war is over the United States will have a great commercial fleet and industries organized for export trade, not inferior to those of any other country. We, too, must continue to build ships and organize our industries for greater and cheaper production. We must also as never before resist public waste and extravagance. It is my judgment that in the last 20 years we have wasted \$500,000,000 of public money in Canada. If waste was censurable before the war, it will be criminal after the war. But in a free country only a stern, active, energetic public opinion ensures economy in public expenditures. But primarily and chiefly we must organize to re-establish the soldiers in civil pursuits, to improve our position in world markets, to ensure that factories will not be idle and labor unemployed when peace comes, to stimulate agriculture by generous public support and the creation or expansion of industries closely related to production, and to maintain satisfactory relations between employers and employed. It is idle to deny that we face tasks of tremendous magnitude, but with organization, courage and confidence and undeviating devotion to the common national interest we can repair the ravages of war, reconstruct our industrial system, and build upon stable foundations a greater and happier Canada.